

CHAPTER 3

GENERAL GOVERNMENT AND STATEWIDE OPERATIONS

Introduction

In addition to administering education, health care, human services, infrastructure, and other programs generally associated with government, the California state government maintains significant back office operations and capabilities. These general government and state operations include functions, such as finance and accounting, human resources, procurement, information technology, and real estate management. Though support in nature, these operations significantly impact the ability of programs to deliver services to state residents in a cost effective manner.

Two chapters of the CPR report focused on these back office functions. The CPR concluded that California needs to rethink the way these functions are performed and delivered. Specific attention was given to performance-based management, personnel, training, procurement, and information technology. To address these issues, CPR identified 125 specific issues facing state government and made 430 recommendations to address the stated issues. In short, the overriding objectives of these recommendations are the following:

- Make government more efficient and effectively deliver savings to state taxpayers.
- Increase service quality to users of state government services.
- Make government more accessible to state residents and businesses.

CPR COMMISSION HEARING

On August 27, 2004, the California Performance Review Commission held its third hearing at San Jose State University to hear testimony on CPR recommendations focused on Performance-Based Management, Personnel, Training, Procurement, and Information Technology. The panels were organized into the following subject areas:

- Performance-Based Management, Personnel, and Training
- Procurement and Information Technology

In total, 11 witnesses presented oral testimony to the Commission.

SUMMARY OF PUBLIC COMMENT

In total, 334 comments were received on the General Government and Statewide Operations recommendations of the CPR report. General government and state operations are a high priority with the public. There is strong interest in making government more efficient, utilizing the best technology, and developing a state civil service system to carry us through this century. Some recommendations, particularly with using open source software and consolidating Workforce Investment Boards, were especially controversial.

GG 01

RAISE STATE REVENUE THROUGH TAX AMNESTY

ISSUE

Some California taxpayers are delinquent in their tax remittances. Common reasons for delinquent taxes include inadvertent error, deliberate under reporting on tax forms, abusive tax shelters, and ignorance of the tax laws. Some out-of-state business engaged in state commerce may be simply unaware of their California tax responsibility.

SOLUTIONS

- *Enact legislation authorizing an omnibus tax amnesty program with the following provisions:*
 - *Include a partial waiver of interest and penalties, similar to the New York experience, to further accelerate returns;*
 - *Add the 2003 tax year in the amnesty by applying amnesty to past due taxes in the year prior to January 2004; and*
 - *Add amnesty for motor vehicle license and registration fees.*
-

PUBLIC COMMENT

2 comments were received for this recommendation. 1 comment expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- This recommendation should be adopted with revisions to make it consistent with the Amnesty Program approved in the Budget Act and implemented in SB 1100.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

GG 02

**ADDITIONAL TAX COLLECTION AND AUDIT STAFF WILL GENERATE
ADDITIONAL TAX REVENUE**

ISSUE

Staff reductions have had the unintended consequence of impeding the collection of taxes.

SOLUTIONS

- *Revise future employee freeze program to exempt positions that produce revenues.*
- *Enhance revenue collections within the Employment Development Department, Franchise Tax Board and the Board of Equalization, or their successor entities.*

PUBLIC COMMENT

4 comments were received for this recommendation. 1 comment expressed support. No comments expressed opposition. 3 comments were neutral.

Pros

- Exempting the named agencies from hiring freezes will enable the collection of additional revenues for the state.

Cons

- No testimony submitted.

Considerations

- DMV audit programs should be considered to increase the collection of motor vehicle fees.
- Information sharing between state and local governments should be developed. These programs identify taxpayers that may be paying local but not state taxes or vice versa. Expanding and marketing the program could generate additional revenue for both state and local governments.

GG 03

CONSOLIDATE AND UPGRADE CASHIERING FOR STATE TAXING AGENCIES

ISSUE

Antiquated manual mail and cashiering methods at the Board of Equalization and Franchise Tax Board increase processing costs and delay deposit of funds which results in lost interest to the state.

SOLUTIONS

- *Develop and implement an upgrade to the mail, cashiering, remittance processing, data capture, and image management systems within the Board of Equalization, Franchise Tax Board, and Employment Development Department.*
-

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were submitted.

Pros

- No testimony submitted.

Cons

- Upgrading systems may not be the best option. A formal feasibility study report should be conducted to determine the most cost effective way to process mail, including remittance processing and data capture.

Considerations

- No testimony submitted.

GG 04

USE CONTRACTS INFORMATION SYSTEM TO INCREASE DEBT COLLECTION THROUGH OFFSETS

ISSUE

Until recently, there has not been an effective method for determining when money owed by a state agency to a vendor can be used to offset debt that a vendor owes the state.

SOLUTIONS

- *Revise the State Administrative Manual to require state entities performing debt collection to use the State Contract and Procurement Registration System to determine if an offset against payments can be made.*

PUBLIC COMMENT

2 comments were received for this recommendation. 1 comment expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- Based on the Franchise Tax Board's experience with the Interagency Offset Program, a vendor offset process will generate revenue that substantially exceeds annual operating costs.

Cons

- No testimony submitted.

Considerations

- The central vendor system should be compared to the Board of Equalization taxpayer file to ensure that these vendors are registered to collect use tax so that state and local use taxes could be collected from remote sales.

GG 06

INCREASE LOTTERY SALES AND FUNDING TO PUBLIC EDUCATION

ISSUE

The California State Lottery generates approximately \$1 billion annually for public education. Current state law does not allow California's lottery to increase income by making changes that have been proven successful in other states. Such increases could benefit public education.

SOLUTIONS

- *Change state law to allow the California Lottery to pay out more in prizes, offer banked games and games with popular themes.*

PUBLIC COMMENT

2 comments were received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- No testimony submitted.

Considerations

- Additional revenues should be assigned for education, rather than administrative purposes.
- There are too many lottery games which makes it difficult to follow the games.
- Payoffs should be in cash, not additional lottery tickets.

GG 07

MAXIMIZE FEDERAL GRANT FUNDS

ISSUE

California does not receive its fair share of federal grant funds.

SOLUTIONS

- *Consolidate all monitoring activities related to determining eligibility for and receipt of federal grant money in a special unit within the Governor's Office of Planning and Research.*
 - *Develop aggressive grant funding policies to ensure that California receives a fair share of the federal grant resources available.*
 - *Utilize the Department of General Services' Revenue Maximization Master Services Agreement to hire professional vendors to obtain a greater number of federal grants whenever applicable.*
-

PUBLIC COMMENT

5 comments were received for this recommendation. 2 comments expressed support. 1 comment expressed opposition. 2 comments were neutral.

Pros

- The implementation of these recommendations could have a significant and beneficial impact on the health of Californians and improve the accountability and cost-effectiveness of services.

Cons

- No specific discussion in opposition to this recommendation was received.

Considerations

- The report does not mention cooperation and coordination with local agencies to further ensure that California receives its share of federal grants. The programs outlined in the recommendation should be expanded to include local government participation.

GG 08

PUTTING CALIFORNIANS FIRST—CREATING A CUSTOMER SERVICE FRAMEWORK

ISSUE

Californians want a government that is a better provider of services and is more responsive and accountable to the people.

SOLUTIONS

- *Establish a statewide customer service system with the following components:*
 - *Customer Service Action Plan: The plan should establish customer service standards, including measuring performance and customer satisfaction.*
 - *Compact with Customers: A written commitment should specify how a department will serve its customers.*
 - *Customer Service Coordinator: Each department should have a Customer Service Coordinator who will be responsible for the department's customer service program as defined by the Executive Order.*
 - *Customer Service Award: Outstanding departments and employees should be recognized.*
- *Create a Governor's Customer Service Office to oversee the implementation of the above steps (refer to "GG 08-A").*

- *The newly established Governor's Customer Service Office should provide customer service training to the departments' Customer Service Coordinators.*
 - *The newly established Governor's Customer Service Office should develop a website that would contain descriptions of its purpose, mission and vision; the Executive Order; customer service reports; and notices of customer service awards. The website would provide the aforementioned tool kits, as well as links to related customer service sites.*
 - *The newly established Governor's Customer Service Office should receive and review customer survey results and improvement plans from the departments.*
 - *The newly established Governor's Customer Service Office should establish and award customer service awards to departments.*
-

PUBLIC COMMENT

6 comments were received for this recommendation. 2 comments expressed support. No comments expressed opposition. 4 comments were neutral.

Pros

- This recommendation would help reinforce the need for resources for quality customer services.

Cons

- No testimony submitted.

Considerations

- The Governor should be aware that not all Californians have access to the Internet. A customer service program should have multiple channels to ensure that all Californians have access to state services.
- Resources are required to ensure quality customer service. These cost components include trained personnel, technology tools, and appropriate metrics to measure and track results.
- The end customer should be consulted in developing a customer service program. These customers may include small and medium sized businesses, teachers in elementary schools, city managers, and practitioners from other states.

GG 09

ESTABLISH A CALIFORNIA INFORMATION CENTER

ISSUE

The general public finds it difficult and frustrating to contact state government, since it is not always clear who to contact for their particular needs.

SOLUTIONS

- *Establish a central California Information Center (CIC) to improve information and service to Californians. The CIC should consist of a single telephone number and be the sole toll-free telephone number Californians need to access most state government offices. It should also offer a single companion web address.*
- *Develop a companion web portal to the newly established California Information Center (refer to “GG 09-A”), which will allow users to go to a single website for the same information they can receive from call-takers on the toll-free number.*
- *Complete a cost benefit analysis to determine whether contract employees should be used in the newly established California Information Center (refer to “GG 09-A”) to supplement state employees during overnight, weekend and holiday hours.*
- *Deploy the California Information Center as an inbound line for people to call during earthquakes, floods, forest fires and other emergencies. This would help keep 911 lines available for emergency calls.*

PUBLIC COMMENT

5 comments were received for this recommendation. 1 comment expressed support. 1 comment expressed opposition. 3 comments were neutral.

Pros

- Specific testimony in support of this recommendation was not received.

Cons

- Repealing standards and increasing private sector contracts will permit government to outsource to the private sector with little assurance of quality or protection against waste.

Considerations

- Call centers should accommodate those who do not have push button phones and should allow for callers to talk live to customer service representatives.
- This recommendation needs further review due to the complexity of designing an integrated and virtual call center that would meet customer needs for one contact center, but still be efficient and effective at routing customers to the correct place.
- Operating some call centers requires specialized knowledge and carries substantial liabilities for giving incorrect information, such as CalSTRS. Consequently, organizations with specialized needs may need to operate separate call centers.

GG 11

REDUCE COSTS AND IMPROVE CUSTOMER SERVICE THROUGH THE USE OF INTERNET FORMS

ISSUE

Many of California government forms are available on the Internet but some are only available on paper. Even those that are available on the Internet must be printed out, filled out, and mailed back to the appropriate state department.

SOLUTIONS

- *Place all state forms online with fillable capability as soon as practicable.*
 - *Transition all state agencies to online filing of all remaining state forms that the public and businesses are required to file.*
-

PUBLIC COMMENT

All 3 comments received support this recommendation. No opposing or neutral comments were received.

Pros

- This recommendation would make it easier to move customers to an electronic format.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

GG 14

PUTTING A NEIGHBORLY FACE ON GOVERNMENT

ISSUE

Californians can only conduct business with the state at limited state locations.

SOLUTIONS

- *Connect pay station contractors to process simple transactions on behalf of the state whenever appropriate.*

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- This recommendation would allow state agencies to pursue partnerships with private sector companies to expand services and meet customer needs cost effectively.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

GG 15

MAKING HIGH QUALITY CUSTOMER SERVICE A HIGH PRIORITY FOR ALL EMPLOYEES IN STATE SERVICE

ISSUE

There is no consistent level of customer service across California state agencies.

SOLUTIONS

- *Establish a Customer Service Representative classification (class). The SPB should consider the following items in developing the class:*
 - *The class should use a “deep class” or “series” approach that provides promotional opportunities within the class.*
 - *The class should include supervisor and manager levels.*
 - *To promote the use of the class across state agencies, the class should require competencies in a variety of areas such as technology, problem solving/analytic skills, interpersonal and communication skills, and ability to address complex issues and to multi-task.*
 - *The core competencies of the class should be based on “best practices”.*
 - *Any current, departmental-specific customer service class should be consolidated into this proposed, statewide class.*
 - *All active classes, as well as all duty statements of all departments, should be augmented to incorporate minimal customer service requirements.*
 - *The customer service representative class should be supported with the offering of employee rewards and paid bonuses.*
-

PUBLIC COMMENT

2 comments were received for this recommendation. No comments expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- No testimony submitted.

Cons

- Creating a customer service classification may not be necessary. It is a key function incorporated into many state jobs and should be incorporated into existing job descriptions. Training may be necessary to embed the goals and objectives.

Considerations

- Minimum qualifications and salary levels need to be considered.
- This item would need to be collectively bargained with employee unions.

GG 16

PLAIN LANGUAGE MAKES GOVERNMENT MORE ACCESSIBLE

ISSUE

Californians do not trust a government that does not communicate clearly.

SOLUTIONS

- *Establish a Task Force to develop guidelines for state workers based on the principles of the Plain Language Association International.*
- *Re-establish the Governor's Clarity Award.*

PUBLIC COMMENT

2 comments were received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Plain language makes government more accessible to the people of California and enables more participation by the citizenry.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

GG 17

TAX RELIEF ON MANUFACTURING EQUIPMENT

ISSUE

California is losing manufacturing jobs due to lower taxes in other states.

SOLUTIONS

- *Establish a 5 percent sales tax credit beginning in 2006 for all sales tax paid in the previous year on manufacturing and telecommunications equipment.*

PUBLIC COMMENT

3 comments were received for this recommendation. 1 comment expressed support. 2 comments expressed opposition.

Pros

- The cost of doing business in California is the third highest in the country with composite tax and business costs 32 percent higher than the national average. Currently 38 other states offer sales tax credit for manufacturing and telecommunications equipment.

Cons

- The revenue generation estimate of \$343 million over five years may be overstated given that most manufacturing companies would find manufacturing in other countries more cost effective even after the 5 percent sales tax credit.
- The tax credit is not proven to create jobs.

Considerations

- There may be other economic development programs that would attract the newly emerging growth industries. Reports and independent studies from organizations such as the Legislative Analyst's Office should be examined to determine if such tax breaks generate the expected economic growth.

GG 19

CENTRALIZE FOR EFFICIENCY THE ASSESSMENT OF COMMERCIAL AIRCRAFT

ISSUE

California subjects commercial aircraft to inconsistent local property assessments.

SOLUTIONS

- *Centralize the assessment function of commercial aircraft with the Board of Equalization.*
-

PUBLIC COMMENT

7 comments were received for this recommendation. 2 comments expressed support. 4 comments expressed opposition. 1 comment was neutral.

Pros

- The airline industry is the only industry with multi-jurisdictional personal property. If all airline personal property were centrally assessed, airlines would be able to file one tax return and have one appeal.
- The state may realize substantial savings as a result of centralized assessment. The state currently subsidizes local property assessments in an amount exceeding \$50 million annually. The amount used for airline assessment could be returned to the state for other uses.

Cons

- The centralization of aircraft assessments may not significantly reduce the numbers of filings prepared by the airline industry. In Santa Clara County, 20 airlines filed 47 business property statements this past year. Should GG 19 become law, 19 airlines would file 46 statements.
- Airlines may receive a “back door” tax break by implementing this recommendation.
- This recommendation may violate the state constitution which requires that real property be assessed at the local levels.
- The total number of filings and appeals by airlines would increase. Airlines would need to report all personal property to the Board of Equalization while also filing the assessment of the fixtures, land, structures and possessory interests with counties.
- Since the Board of Equalization is not experienced with aircraft valuation, there would be significant costs to hire and train new personnel and establish policies and procedures to perform these valuations.
- The Board of Equalization has no requirement to perform audits of the airlines which could result in significant lost revenue.
- The Board of Equalization and counties would need to be highly coordinated to minimize duplicate or escape assessments due to the difficulty in discerning personal property and fixtures.

Considerations

- The California Assessors' Association in consultation with the airline industry is in the midst of implementing the Centralized Fleet Calculation Program to promote efficiency, accuracy and uniformity for the assessment of commercial aircraft.

GG 20

REDUCE THE ADMINISTRATIVE BURDEN ON SMALL BUSINESS IN CALIFORNIA BY ALLOWING SELF-CERTIFICATION

ISSUE

The application process to qualify sole proprietorships and micro businesses to contract with the state is too time consuming.

SOLUTIONS

- *Amend relevant sections of Title 2, California Code of Regulations, to allow microbusinesses and sole proprietorships to complete a simplified application form, rather than the current application.*
 - *Streamline the small business certification process for microbusinesses and sole proprietorships to:*
 - *Eliminate the requirement to submit documentation of annual gross receipts, but require documentation that supports their eligibility as a small business readily available for audit.*
 - *Allow microbusinesses and sole proprietorships to sign under penalty of perjury that the business meets all small business certification criteria.*
 - *Make the simplified application form available online and in hardcopy to allow the form to be submitted either online, by fax or mail.*
 - *Monitor microbusinesses and sole proprietorships that have been approved for small business certification, if those businesses are within 10 percent of the upper limit for the number of employees or the average annual gross receipts.*
 - *Repeal Executive Order #D-37-01 and issue a new Executive Order that emphasizes the importance of small businesses to the California economy and announces the changes to the state's small business certification process.*
-

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Self certification was rejected in the past primarily because there were no safeguards to prevent abuses by unscrupulous people.

Considerations

- Self certification will save some staff time in regards to processing, but maybe not 70 percent as claimed in the CPR report. More staff would be required to strengthen enforcement and to expand training.
- Laws would need to be strengthened to provide stronger penalties to discourage abuse. Contracting provisions would also need to be developed to address the challenges of self certification before and after the contract awards.

GG 21

REDUCE PAPERWORK BY RECOGNIZING SMALL BUSINESS PROGRAM CERTIFICATION PERFORMED BY OTHER GOVERNMENTAL ENTITIES

ISSUE

The process of certifying small businesses to contract with governmental entities is duplicative.

SOLUTIONS

- *Amend relevant sections of Government Code Section 14835, et seq., to allow the state to accept a small business certification from any local government in California that uses certification criteria and review processes that are substantially the same as the state's.*
- *Encourage local governments to enter into reciprocity partnerships with the state.*
- *Continue outreach and education activities.*

PUBLIC COMMENT

1 neutral comment was received for this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- This recommendation may result in some saving in local certification programs. However, additional details are needed to assess the impact and benefits for all levels of government.

GG 22

CREATE A ONE-STOP BUSINESS LICENSE CENTER FOR CALIFORNIA BUSINESSES

ISSUE

Persons who are creating a new business in California often do not know where to start. They must deal with multiple departments to obtain licenses and permits.

SOLUTIONS

- *Create a Master License service similar to Washington State's Master License Service.*
 - *Establish a uniform business identification number for each business to be recognized by all affected departments and to share necessary information between departments.*
 - *Appoint a third-party facilitator (business advocate) who reports directly to the Governor through the Governor's Office to provide oversight for creating California's "master license service." (Refer to "GG 22-A".)*
 - *Enact a one-time master application fee and a master renewal application fee. Revenue from the fees should be used to pay for the master license service.*
-

PUBLIC COMMENT

1 neutral comment was received for this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- Further review of this recommendation is necessary due to the complexity of the issues involved and the need to involve state agencies.

GG 23

"I serve on the Workforce Investment Board of Imperial County because there I can contribute directly to the community where I work and live. . . . Local control in the design of a responsive workforce development system is critical. A larger, regional Workforce Investment Area will not be able to effectively address the unique combination of needs of our community. . . ."

Kelly G. Keithly
President
Keithly-Williams Seeds
Written Testimony

GG 23

REDUCE ADMINISTRATIVE OVERHEAD COSTS FOR LOCAL WORKFORCE INVESTMENT AREAS

ISSUE

Local Workforce Investment Areas overlap and are not structured to administer a cost-efficient program.

SOLUTIONS

- *Develop a plan to realign and consolidate the Areas and Workforce Investment Boards (WIB) based on the consortium model.*
- *Submit the development plan in the state's five-year strategic workforce investment plan, by June 30, 2005.*
- *Begin the consolidation of the newly designated areas beginning July 1, 2005.*
- *Develop a state policy that requires savings generated from the consolidation to be redirected to employment and training services.*

PUBLIC COMMENT

20 comments were received for this recommendation. 2 comments expressed support. 18 comments expressed opposition.

Pros

- Many of the smaller WIBs do not have the resources to make them successful. Consolidating the WIBs of small counties with larger counties will make them more efficient and effective in leveraging local business participation.

Cons

- The decision to reduce the number of WIBs should be left to local jurisdictions and driven by local elected officials and business representatives. Local partners are more familiar with the local economy and know the needs of their community. Service may suffer in smaller counties by consolidating WIBs with larger counties.

- WIB consolidation may lose funding, not create savings. According to a recent survey of WIBs, federal Workforce Investment Act funding on average is leveraged dollar for dollar with other resources of local government. As federal WIA dollars have been reduced, more local government funding has been secured to support local workforce development.
- Fewer workforce areas may reduce business participation. WIBs create value in their local communities by focusing attention and resources on growth areas. A workforce board with too broad a purview will have little relevance to local communities and will be less flexible to create partnerships to respond to changing needs. In California, there are over 1,100 individual business representatives on WIBs. Consolidating the number of boards would mean that only half those businesses continue to be represented.
- Consolidation of the WIBs may result in the deterioration in the quality of one-stop services and the number of one-stop training outlets.

Considerations

- Many smaller counties have already formed consortiums of WIBs and the consortiums at times fail to meet the needs of smaller counties. The problems facing smaller counties need to be reviewed thoroughly before policies are established.

GG 26

ESTABLISH PRINCIPLES OF GOVERNANCE TO IMPROVE THE PARTNERSHIP BETWEEN STATE AND LOCAL GOVERNMENT

ISSUE

California's state and local governments do not work together to provide services effectively.

SOLUTIONS

- *The Governor should adopt a set of governing principles and direct his administration to apply them during the performance of state business.*
-

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- A positive and productive state/county relationship is critical in any program where the two entities share responsibilities for service delivery. This recommendation will formalize efforts to build partnerships.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

GG 27

"This recommendation is of vital importance due to the multitude of necessary interactions between state and local government and increased tensions over fiscal issues. Improving the understanding and communication between levels of government will result in better service to the general public."

Regional Council of Rural
Counties

Written Testimony

GG 27

CREATE A FORMAL MECHANISM FOR IMPROVING STATE-LOCAL GOVERNMENT RELATIONS IN CALIFORNIA

ISSUE

The state lacks a formal mechanism to identify and address local government issues.

SOLUTIONS

- *Create a Local Government Relations Office to improve relations with all levels of local government.*
- *Coordinate governmental programs and develop appropriate linkages between the formal and informal institutions of government.*

PUBLIC COMMENT

All 3 comments received support this recommendation. No opposing or neutral comments were received.

Pros

- This recommendation is important to enhance the coordination and working relationship with local government. Another responsibility of the Local Government Relations Office should be to help coordinate with the federal government to deliver services cooperatively.

Cons

- No testimony submitted.

Considerations

- Tax and revenue sharing needs to be a key component of state-local government relations. Clear and formal mechanisms need to be put in place to identify funds for counties and reform the state's mandates processes.
- Policies need to be developed to enable more regional sharing of sales tax. Sales taxes should generally be shared by the same economic regions; and the economic regions do not always align with city and county maps.

GG 28

IMPROVE LOCAL GOVERNMENT FINANCE BY INCREASING PREDICTABILITY OF REVENUES

ISSUE

California's local governments do not have stable, predictable funding.

SOLUTIONS

- *Identify permanent sources of revenue for local governments that are not subject to redirection to the state.*
-

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- This is the case for Proposition 1A and future cooperation on fiscal reforms.
- Since the passage of Proposition 13, local governments have been constrained in their ability to raise revenues. This recommendation would establish a stable funding source for local governments, rather than rely on state subventions.

Cons

- No testimony submitted.

Considerations

- A revised system should consider implementing the following:
 - Funding to maintain the 20 to 1 ratio in K–3
 - A level funding that provides resources adequate to give all students equal access.
 - Sufficient revenues to meet unique educational needs of the student population.
 - Dependable long range sources of funding with adequate allowance for inflation.
 - Timely decisions on state aid to public education.
 - A funding system that enables school districts to plan priorities on more than an year-to-year basis.
 - Funding to provide equal opportunity for education in new technologies.
 - Allocation of resources to address the differing needs of each school district.
 - Creating equity by increasing allocations to low wealth school districts.
 - Support of measures that would guarantee funding for arts education.

GG 29

IMPROVE STATE AND LOCAL PERFORMANCE MEASURES

ISSUE

State and local governments lack meaningful measures to gauge performance of government programs.

SOLUTIONS

- *Create a special task force consisting of citizens and state and county government representatives to develop outcomes-based performance standards that can be used to evaluate local governments' delivery of state programs.*

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- No testimony submitted.

Considerations

- The task force should focus on outcomes rather than process.
- Rural county needs should be addressed by the task force. Rural counties face program delivery challenges due to broadly dispersed populations.

GG 30

REQUIRE NATIVE AMERICAN TRIBES UNDER THE TRIBAL-STATE COMPACT TO ENTER INTO AGREEMENTS WITH LOCAL GOVERNMENTS TO ADDRESS THE IMPACTS OF TRIBAL CASINOS ON LOCAL COMMUNITIES

ISSUE

Tribal casinos can adversely affect local communities but tribes are not required to mitigate those impacts.

SOLUTIONS

- *Require that Tribes renegotiating or entering into new Compacts be required to enter into judicially enforceable agreements with local governments to address the physical and economic impacts of Tribal Casinos on the surrounding community.*
-

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Judicially enforceable agreements between tribes and local jurisdictions that provide for full mitigation are needed to protect the autonomy of rural counties.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

GG 32

REFORM THE STATE MANDATES PROCESS TO MAKE REIMBURSEMENT MORE COST-EFFICIENT, PREDICTABLE, AND FAIR

ISSUE

The process to reimburse local governments for state-mandated programs is cumbersome and costly.

SOLUTIONS

- *Review pending draft legislation as early in the process as possible and to focus on mandate impacts in their review to make reimbursements more cost-efficient, predictable, and fair.*
- *Review and provide input into the parameters and guidelines document during the commission on State Mandates process. This should occur whenever the Commission on State Mandates determines that a reimbursable mandate exists.*
- *Develop standardized cost units for specific functions that claimants use in their cost submissions.*

PUBLIC COMMENT

2 comments were received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- No testimony submitted.

Considerations

- Since state agencies do not provide the frontline services that have been mandated, the recommendation that state agencies weigh in

on the parameters should take into consideration that they may not understand all the ramifications of program delivery at the source.

- Since the State Controller is chief financial officer of the state, the Controller should be involved in setting standards with the Department of Finance.
- Standardized costs would not allow for variation in cost of providing services in rural areas. Rural counties must bear the increased cost of providing services for a widely dispersed population; and this proposed standardization would continue to place unfair burden on rural counties. The state should incorporate the differential program delivery cost in developing the standardized rates.

GG 33

ELIMINATE GENERAL FUND SUPPORT FOR THE CALIFORNIA SCIENCE CENTER

ISSUE

The California Science Center relies on General Fund support and private donations from the California Science Center Foundation for its operation. The demand for General Fund support will continue to increase as the operation expands. Funding for the California Science Center should be shifted to the California Science Center Foundation, or the General Fund costs should be recouped through admission fees.

SOLUTIONS

- *Eliminate the General Fund support for the operation of the California Science Center, but leave intact the annual General Fund lease revenue bond payment of \$2.7 million for Phase II construction costs.*
 - *Alternatively, negotiate with the California Science Center Foundation and California Science Center policymakers to develop and charge an appropriate admission fee to recoup the General Fund's operational support for the California Science Center.*
-

PUBLIC COMMENT

2 comments were received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Elimination of state funding could result in the closure of the California Science Center.
- Charging an admission fee may not be a viable solution. It is estimated that admission fees would generate net revenue of less than \$1 million and lower attendance by 50 percent or more. Reduced attendance could impact parking revenue, fundraising, grants, and other income sources.
- California's education system is already weak in the areas of science and technology. This recommendation would negatively impact the development of a science literate workforce and limit access to science learning.

Considerations

- The state has a long-standing partnership with the California Science Center Foundation. The Foundation raises funds for exhibits, science education, and capital outlay projects, while the state is responsible for building improvements and maintenance and operations. State funding accounts for less than half of the Science Center's maintenance and operations costs.
- If implemented, this recommendation could send the wrong signal to the private sector about the viability of public/private partnerships with the state.
- While the California Science Center Foundation's role in supporting the Science Center has expanded significantly, it would be difficult to immediately increase the amount of funds raised to offset the loss of state support.

GG 34

SIMPLIFY AND CONSOLIDATE COURT-ORDERED FINES

ISSUE

The state has more than 1,300 criminal fines, fees, and costs in 27 different Government Code sections. They are collected by multiple different government entities.

SOLUTIONS

- *Establish a task force to develop recommendations to simplify the criminal court fine system by consolidating fines, fees, penalties, assessments and surcharges that apply to multiple offenses into a single fine schedule.*

- *Enact appropriate recommendations for consolidation and distribution of criminal and civil fees and penalties, and to uniform funding mechanisms to support court ordered debt collection.*
 - *Adjust the proposed consolidated fine schedule rather than establish new fees, fines, penalties, assessments or surcharges.*
 - *Ensure court-ordered debts are appropriately and uniformly collected by the Franchise Tax Board's Court-Ordered Debt Collection Program.*
 - *Enact legislation eliminating the Driver Training Penalty Assessment Fund and dedicating its deposits to another criminal justice-related program or to the General Fund.*
-

PUBLIC COMMENT

1 neutral comment was received for this recommendation. No supporting or opposing comments were received.

Pros

- This proposal would establish a uniform statewide approach for collecting court-ordered debt. It would increase efficiency of the debt collection process and lead to increased revenues to support the state's judicial system.

Cons

- No testimony submitted.

Considerations

- Low collection rates of fines and fees may be alleviated by simplifying the system and identifying the collection authority.
- There are problems with an overloaded court record keeping system that must be addressed so the amounts to be collected can be appropriately tracked and allocated to the proper state or local jurisdiction.

GG 35

REVISE THE HOMEOWNERS AND RENTERS ASSISTANCE PROGRAM AND STRENGTHEN THE PROPERTY TAX POSTPONEMENT PROGRAM

ISSUE

Two separate programs aid seniors and the disabled with property taxes. One program provides assistance, and the other postpones payment on property taxes. Both programs

were established in response to spiraling property tax increases, but neither were reconsidered when Proposition 13 addressed the issue.

SOLUTIONS

- Increase the threshold for the State Controller's Office Property Tax Postponement (PTP) Program so that more individuals can participate.
- Phase out the Homeowners portion of the Homeowners and Renters Assistance Program (HRAP) and increase the household limitation on the tax postponement program so that more seniors and disabled individuals can participate.

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Homeowners and renters are not a homogenous group. The program has differing rules for each group, making it complex to communicate and administer. Making the program only for renters would reduce the state's administrative costs.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

GG 36

IMPLEMENT BIENNIAL VEHICLE REGISTRATION FOR EFFICIENCY AND LOWERED COSTS

ISSUE

Requiring biennial vehicle registration will reduce workload and provide one-time revenue.

SOLUTIONS

- Require two year registration periods for automobiles, motorcycles, and lightweight commercial vehicles, and exempt from biennial registration renewal vehicles subject to California Vehicle Code Sections 8052 (IRP) and 9400.1 (CVRA).
- Prepare a staffing plan to identify how many positions can be saved through the implementation of this plan, including recommendations of which positions should be redirected to improve services or should instead be eliminated.

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Biennial vehicle registration may not be affordable and may cause undue financial hardship to many state residents.

Considerations

- No testimony submitted.

GG 37

LIMIT STATE'S LIABILITY TO ACTUAL FAULT

ISSUE

Other states have established laws to limit their liability under tort law.

SOLUTIONS

- *Amend the California Tort Claims act to limit the state's liability to \$1 million for an individual and \$5 million per occurrence.*
 - *Amend the Code of Civil Procedure to allow juries to be instructed on the effect of finding any party, including the state, partially liable.*
 - *Amend the design immunity statute, Government Code Section 830.6, to clarify that the judge, not the jury, should determine the applicability of the statute.*
-

PUBLIC COMMENT

1 neutral comment was received for this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- Improvements in this area of law should be applied to all government entities, not just the State of California.
- Any changes crafted should not unfairly shift liability costs to private defendants.

GG 39

IMPLEMENT TRAVEL ADVANCE AND EXPENSE REIMBURSEMENT AUTOMATION STATEWIDE

ISSUE

Using CalATERS would streamline and automate inconsistent, manual travel processing and reimbursement systems between agencies and departments.

SOLUTIONS

- *Issue a Management Memo directing state agencies and departments to use the CalATERS.*
- *Develop a methodology to assign support costs for CalATERS to agencies based on the number of travel claims submitted, and reflect the savings agencies can realize from the system.*

PUBLIC COMMENT

2 neutral comments were received for this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- The security of the CalATERS system should be reviewed to ensure that proper controls are in place.

- The state should consider outsourcing this function to organizations, such as American Express which provides benefits such as insurance and a corporate payment mechanism.

GG 40

REDUCE STATE TRAVEL COSTS BY BOOKING FARES ONLINE

ISSUE

The state is not taking advantage of the lowest air fares available. Travel arrangements should be able to be made online and without the assistance of travel agents.

SOLUTIONS

- *Establish new travel policies to ensure the following:*
 - *Require all state employees to plan all travel early to get the best possible airfare.*
 - *Shop online for the lowest online airfares offered by the commercial air carriers under contract with the state (currently Southwest Airlines and United Airlines).*
 - *Limit the use of travel agents for booking state travel except for complex travel arrangements or travel on short notice.*
 - *Take advantage of Southwest Airlines' SWABIZ and United Airlines' United Universal Air Travel Plan (UATP) programs offered by Southwest Airlines and United Airlines, respectively.*
-

PUBLIC COMMENT

2 comments were received for this recommendation. No comments expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- No testimony submitted.

Cons

- Specific discussion in opposition to this recommendation was not received.

Considerations

- A system should be developed so that state employees would not need to use their own personal credit card if on-line bookings of air fares is mandated.

- Frequent flyer miles obtained by state employees on state travel should be given back to the state for official state use.
- State travel should be based on the same practices used in the private sector—book flights early, use pre-approved airlines with whom the state negotiated discounted rates, implement ETF to track usage and payments, and utilize a payment platform such as American Express to obtain other travel related benefits.

GG 41

"... the reduction of the [Administrative Procedures Act] public participation requirements and a move toward the federal negotiated rulemaking model would even further scale back the public's ability to participate in the decision making process."

Bill Allayaud
State Director
Sierra Club California

and

Karen Douglas
General Counsel
Planning & Conservation League
Written Testimony

GG 41

AMEND THE ADMINISTRATIVE PROCEDURE ACT TO DO MORE WITH LESS

ISSUE

The Administrative Procedure Act contains many unneeded requirements that increase processing costs and time.

SOLUTIONS

- Amend the Administrative Procedure Act (APA) to streamline the process.
- Amend Title 1 Cal. Code of Regulations, Section 10 to clarify that the "necessity" for a regulation can be shown by establishing only the overall necessity for the provision rather than requiring the necessity of "each provision" to be established.

PUBLIC COMMENT

3 comments were received for this recommendation. 1 comment expressed support. 2 comments expressed opposition.

Pros

- This recommendation would broaden the review of regulations to the rule as a whole rather than individual aspects of a particular regulation. This concept should be broadened to remove the "necessity" criterion of the Office of Administrative Law (OAL) entirely.

Cons

- The necessity of each provision of a regulation needs to be justified. Deleting this requirement negates a primary purpose of OAL and the APA process. It is critical that regulations meet a high standard of necessity.

- These amendments would significantly reduce the public's role in administrative rule making which would have a negative impact on environmental protection efforts in the state.

Considerations

- No testimony submitted.

GG 42

IMPROVE MANAGEMENT OF THE STATE VEHICLE FLEET

ISSUE

Office of Fleet Administration has inadequate inventory controls and data management on misuse of state vehicles.

SOLUTIONS

- *Conduct an inventory of all state-owned vehicles by January 1, 2005 and maintain the inventory on an ongoing basis, providing quarterly reports to the Department of General Services.*
 - *Adopt procedures for tracking public complaints, motor vehicle violations, accident reports, fuel card misuse, and home storage permits by January 1, 2005. DGS should also be required to conduct random audits of state agencies' records on follow-up of misuse issues.*
-

PUBLIC COMMENT

2 neutral comments were received on this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- All agencies should justify their use of state vehicles on an ongoing basis.
- The state should consider implementing a car hoteling system in which state employees can borrow cars on an as needed basis. Under this system, cars are available in key areas around cities, and state employees are able to check cars out for use and return them to other hoteling sites. The state could save money on taxi costs, car rental costs, and car ownership.

GG 45

STATE DIGITAL RECORDS VANISHING

ISSUE

Many digital documents are deleted or otherwise lost each year.

SOLUTIONS

- *Require all state agencies to alert the State Library of publication of digital documents, websites or other products that may be candidates for permanent public access through the State Library.*

PUBLIC COMMENT

1 neutral comment was received on this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- This function may be more appropriately located in the State Archives.

GG 46

EXEMPT FEDERALLY-FUNDED PROGRAMS FROM HIRING FREEZES/ BUDGET REDUCTIONS

ISSUE

When federally funded programs are subject to statewide budget reductions and hiring freezes, the result can be increased state costs and failure to meet federal requirements.

SOLUTIONS

- *Exempt all federally funded programs from future hiring freezes and budget reductions in order to maximize the receipt and use of federal funds.*
-

PUBLIC COMMENT

2 comments were received for this recommendation. 1 comment expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- This recommendation will preserve jobs and keep important projects on schedule.

Cons

- No testimony submitted.

Considerations

- The recommendation should be expanded to all Special Fund positions that provide user paid services.

SO 01

TECHNOLOGY ALIGNMENT: OVERHAULING THE ORGANIZATION AND MANAGEMENT OF THE STATE'S TECHNOLOGY PROGRAMS

ISSUE

There is no coordination of the state's use of technology, resulting in functions that are poorly organized, duplicative, and inefficient from a statewide perspective.

SOLUTIONS

- *Establish a new Technology Division to serve the common technology needs of executive branch entities with accountability to customers for providing secure*

services that are responsive to client needs at a cost representing best value to the state, and appoint a State Chief Technology Officer with operational oversight responsibility for the new organization.

- *Transfer the technical component of the Department of Finance State Information Security Officer (ISO) Unit to the Office of the State Chief Information Officer.*
- *Transfer the technical unit of the Governor's Office of Planning and Research to the Technology Division to establish a new statewide Research and Development Branch.*
- *Transfer the Technology Acquisition, Telecommunications Contracting, and Enterprise License Procurement functions, including component systems engineering and project management of the Department of General Services Procurement Division to the Technology Division to establish the statewide Technology and Systems Acquisition Branch.*
- *Transfer the Telecommunications Division of the Department of General Services and all existing independently operating network and telecommunication units of other departments to the new Technology Division to establish an integrated Network and Telecommunications Branch.*
- *Consolidate the Stephen P. Teale Data Center and the California Health and Human Services Agency Data Center, excluding the Health and Human Services Agency Systems Integration Division, and transfer the consolidated data center to the new Technology Division.*
- *Establish and chair a working group to determine the personnel and funding resources required to support each of the centralized services and consolidated functions to be transferred to the new Technology Division and develop a plan for the phased implementation of the transferred work force.*
- *Optimize the organization and management of the Executive Branch's technology programs by consolidating all technology programs at the agency and department levels.*

PUBLIC COMMENT

1 comment in support of this recommendation was received. No opposing or neutral comments were received.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- No testimony submitted.

Considerations

- The state should eliminate its IT oversight functions and replace it with an IT delivery organization focused on delivering solutions rather than overseeing staff and use.

SO 02

TECHNOLOGY GOVERNANCE: STRATEGICALLY LEVERAGING THE POWER OF TECHNOLOGY TO TRANSFORM STATE GOVERNMENT

ISSUE

The state lacks an efficient process for technology project management, approval, and oversight.

SOLUTIONS

- *Create a statewide strategic planning office to lead strategic business planning to ensure it is accomplished at the state level and develops the desired business outcomes for the state.*
- *Align state technology governance to a new model, with authority and responsibility assigned to concentrate the state's technology potential while ensuring the maximum collaboration with and input from state agencies.*
- *Appoint a State Chief Information Officer who is a senior advisor to the Governor with full responsibility and authority for statewide technology vision, strategic planning and coordination, technology policy and standards, data management policy and standards, information security policy and standards, and streamlined technology project review and approval processes.*
- *Issue an Executive Order that establishes a Technology Commission (TC) consisting of the State Chief Information Officer (chair), the Director of Finance, the Controller and all Cabinet Secretaries. The vice chair of the TC should be the Secretary of the Office of Management and Budget.*
- *Establish a State Technology Investment Fund that is continuously appropriated, available for encumbrance without regard to fiscal years, and restricted from use for any other purpose than funding technology.*
- *Implement Technology Portfolio Management Teams (ITPT) led by agency CIOs and responsible for overseeing progress on portfolios of projects, providing incremental direction and being accountable to the State CIO and Technology Commission for project delivery.*
- *Continue the existing CIO council and focus its efforts on policy and standards development, providing enterprise collaboration and coordination of technology initiatives, defining enterprise expectations for service levels and assisting in the establishment of Implement Technology Portfolio Management Teams.*

- *Establish a program management office (PMO) within the newly established Department of Technology Services (refer to “SO 01”) to provide primary support for program and project planning, economic analysis, project management and to provide the technical resources (systems engineering) needed to support enterprise projects or to support agency projects when needed or requested.*
- *Discontinue the Technology Investment Review Unit (TIRU) and Technology Oversight and Security Unit (TOSU) in favor of implementing the new technology governance structure (refer to “SO 01”).*
- *Reengineer the technology project approval process to eliminate the Feasibility Study Report in favor of a simplified approval document based on a process standard such as “Institute of Electrical and Electronics Engineers (IEEE) Standard 1362-1998, System Definition—Concept of Operations.”*
- *Rescind the Statewide Workgroup Computer Policy.*
- *Implement benefit sharing as a performance incentive for completing projects under cost, within schedule and with promised benefits.*
- *Implement statewide technology portfolio management to ensure technology is managed from a statewide “portfolio” perspective with emphasis on lifecycle systems management.*

PUBLIC COMMENT

2 comments were received for this recommendation. 1 comment expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- Providing the Chief Information Officer with a dedicated staff and organization would increase his/her authority and make him/her accountable for delivering projects. This would increase the success of IT projects in the state.

Cons

- No testimony submitted.

Considerations

- “Thin technology” should be considered to reduce network administration cost and downtime.

SO 03

CREATING THE ORGANIZATIONAL CAPACITY TO SUPPORT THE STATE'S INFORMATION TECHNOLOGY INFRASTRUCTURE AND EMERGING SERVICES

ISSUE

The process for recruiting and testing technology candidates, advertising vacancies and conducting interviews of successful competitors within the State of California is a system that does not attract the best qualified individuals.

SOLUTIONS

- *Develop a plan to change the way information technology staff are tested, selected, hired, and compensated, using the job analysis and classification plan developed for the Legislative Counsel Bureau Data Center as the model, by October 1, 2005.*
- *Secure resources to develop the plan to change the way information staff are tested, selected, hired, and compensated. (Refer to "SO 03-A.")*
- *Conduct a biannual survey of state Information Technology (IT) staff and IT divisions within state departments to:*
 - *Establish a baseline of skills, abilities and intellectual properties. This information must be compiled on a statewide basis and kept current so that it can be compared against the technology infrastructure to determine hiring and training needs.*
 - *Identify mission critical positions where retention is imperative for the effective operations of the state.*
- *Develop and implement an ongoing statewide IT training plan, leveraging existing training efforts such as the Health and Human Services Data Center training center and the State Personnel Board's State Training Center. This training plan should:*
 - *Enable them to remain current as new technology is introduced through ongoing training.*
 - *Provide leadership training for IT supervisors and managers.*
- *Establish funding necessary for the ongoing training of information technology staff.*
- *Implement a plan to recruit information technology staff to state government. This plan should include recruitment on the campuses of the state's community colleges, the California State University and the University of California, as well as private colleges and universities within the state and developing partnerships with those campuses wherever possible.*

- *Develop a single Internet portal to advertise all information technology vacancies, accept job applications, provide results, and provide updates for similar job postings to subscribers.*
- *Develop a change management program for state Information Technology (IT) staff to prepare it workers for the upcoming changes, by October 1, 2004.*

PUBLIC COMMENT

3 comments were received for this recommendation. 1 comment expressed support. No comments expressed opposition. 2 comments were neutral.

Pros

- Currently, many state agencies lack IT support and resources necessary to carry out their responsibilities in an efficient and cost effective manner. Creating a systematic means to recruit and promote IT staff is necessary to conducting business in the 21st century.
- Departments and staff will be able to focus on their primary responsibilities while a dedicated staff with proper training perform required IT functions.
- Having a dedicated IT organization would permit the state to strategically develop fundamental IT capabilities to support the state's business. This should include some development capabilities that could work with contractors as needed.

Cons

- No testimony submitted.

Considerations

- State IT workers may need their own bargaining unit because of specialized needs.

SO 04

CREATING A SECURE INFORMATION TECHNOLOGY INFRASTRUCTURE

ISSUE

There is no coordinated statewide strategy for information security which can lead to problems with inappropriate access of information or disruption to service.

SOLUTIONS

- *Transfer of the technical component of the Department of Finance State Information Security Officer (ISO) Unit to the State Chief Information Officer.*
 - *Establish by February 1, 2005, a working group of departmental ISOs and Information Technology (IT) professionals to:*
 - *Develop an enterprise security architecture for California state government.*
 - *Develop policies for inclusion in the State Information Management Manual (SIMM) that deal with IT security in addition to the project initiation and reporting requirements contained therein.*
 - *Develop and execute a department-by-department risk assessment.*
 - *Assess the need for a single point of entry for e-government including authentication where applicable.*
 - *Review the responsibility for departmental Operational Recovery Plans and develop a recommendation identifying the appropriate state entity to be responsible for this workload and coordination, by April 1, 2005.*
-

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- No testimony submitted.

Considerations

- Developing a secure information technology infrastructure for state workers may generate significant savings. The offerings that the state should develop include e-mail, statewide file server for file and print serving, state infrastructure for e-forms and work flow, web tools resources, and uniform state security system.

SO 05

STATE ENTERPRISE ARCHITECTURE - A ROADMAP FOR STATE INFORMATION TECHNOLOGY

ISSUE

The state does not have standards for purchasing computers and developing programs. Departments are independently implementing new technology. This approach to technology deployment creates higher costs in system integration, deployment, support, and training.

SOLUTIONS

- *Establish the position of Enterprise Architect under the State Chief Information Officer.*

PUBLIC COMMENT

2 comments were received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Establishing a state enterprise architecture would provide for on-going competition with every new bid and also prevent the state from getting “stuck” if a vendor goes out of business.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 06

CREATE A CODE LIBRARY TO LEVERAGE STATE INTELLECTUAL PROPERTY RIGHTS

ISSUE

Most state departments have not established a resource to reuse command codes for applications once written. This code is intellectual property of the state and should be protected through copyright and patent applications.

SOLUTIONS

- *Establish a library of reusable software code under the direction of a Code Librarian.*
 - *Create software documentation standards and a database to store the developed code. The State Chief Information Officer should issue a directive requiring all departments to follow the standards and submit all code developed to the library. The Code Librarian should develop a training course and present it to each department's application development unit to gain the maximum benefit from the library.*
 - *Obtain copyright and patent protection on the code owned by the state to protect this valuable resource as an intellectual property.*
 - *Leverage the use of the Federal GSA library by becoming a member and offering code for reuse to other government agencies.*
 - *Seek potential license agreements and sales of the state's intellectual assets in public markets and work closely with the Office of the Attorney General on copyright and patent infringement cases.*
-

PUBLIC COMMENT

5 comments were received for this recommendation. 1 comment expressed support. 3 comments expressed opposition. 1 comment was neutral.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- Creating a code library may limit the use of data that requires a higher level of security. For instance, the FTB may be precluded from implementing this recommendation because of IRS requirements regarding security for data.

Considerations

- No testimony submitted.

SO 07

CALIFORNIA NEEDS UNIFORM, STATEWIDE DATA MANAGEMENT STANDARDS AND GUIDELINES

ISSUE

California lacks coherent standards and guidelines for collecting, processing, storing, and sharing data documents.

SOLUTIONS

- *Amend Government Code Section 14740 to require all state departments and agencies to follow data management standards and electronic document management standards set forth by the California Records and Information Management (CalRIM) unit within the California Department of General Services.*
- *Establish statewide data management standards and guidelines.*
- *Develop statewide standards and guidelines for creating, managing, storing, and archiving electronic documents, and to leverage the state's existing document management systems to the fullest extent possible.*

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- A well designed state infrastructure blue print will facilitate the adoption of technology and functionality to best satisfy the state's diverse IT needs while also minimizing cost of adopting new technology.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 08

REDESIGN OF THE STATE PORTAL (MY CALIFORNIA)

ISSUE

The current state portal lacks full navigation capability. The portal should function as a “single window” to government, a secure gateway for the public to visit, but it still falls short of its initial goals.

SOLUTIONS

- *Take measures to resolve current problems with the state portal.*
 - *Prepare a three-year plan to implement statewide technology solutions and to redesign the state portal to provide a platform for all e-government services.*
 - *Implement a new enterprise solutions for various agencies based on the priorities and objectives stipulated in the tactical implementation plan.*
-

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- No testimony submitted.

Considerations

- The state should post a clearly defined vision and goals on the California website to enable all state employees to aim for the ideals developed by the state leadership.

SO 10

"All software products offer varying benefits and costs. . . . Arbitrary categorical preferences for open source software, commercial software, free software or other software development models should be avoided."

Max Ordonez
VP/CFO
JMS Capital
Written Testimony

SO 10

EXPLORE OPEN SOURCE ALTERNATIVES

ISSUE

California purchases millions of dollars of software. Open source software can be a more cost-effective alternative.

SOLUTIONS

- *Take an inventory of software purchases and software renewals in the Fiscal Year 2004-2005 and implement open source alternatives where feasible.*
- *Incorporate open source software as a viable alternative to any software procurement.*

PUBLIC COMMENT

79 comments were received for this recommendation. 41 comments expressed support. 36 comments expressed opposition. 2 comments were neutral.

Pros

- Open source software may be less costly than proprietary software.
- Open source allows for more competition because anyone is capable of competing to support open source software, whereas proprietary software is restricted.
- Open source software is readily available and proven with a multitude of different applications. Programs are equivalent and sometimes superior to proprietary products. Also open source code can be more flexible than proprietary applications.
- Open source software is continuously evolving due to the efforts of the developer community, enabling greater stability and capabilities.
- Open source may be more secure than proprietary software. While the means by which software is licensed does not guarantee security, its openness empowers developers and consumers with the ability to fix or otherwise alter it to suit their needs. The rarity of viruses, spyware, and security holes in open source software is a compelling argument that the open source method of software development works to negate such problems.
- Open source products in general have publicly available storage formats for files created, minimizing the chance that legacy documents in abandoned and obsolete formats will become unreadable in the future.

Cons

- SO 10 may favor the open source method of licensing software rather than price, service, and product specifications. Source code licensing may be an irrelevant attribute to the overall product selection.
- California should explore all software options, open source, proprietary, and a hybrid of the two. Giving preference to any one version would limit the solution options available.
- There are no assurances that open source software is less costly than proprietary software over the life of the product. Training, maintenance, deployment, security, and upgrades need to be considered in making the procurement decision. The total cost of ownership for proprietary software may be less than the cost of open source software in some cases.
- Open source may not be a proven model. The state should wait until the concept is more fully developed and adopted.
- Open source software is difficult to document and maintain due to the fact that user code is changing regularly. Consequently, support of open source may be more difficult than for proprietary software and maintenance costs may be higher.
- Resources may be difficult to obtain to solve problems and test solutions as they arise for some programs.

Considerations

- Open source software should be evaluated on a case by case basis. Both open source and proprietary software producers should compete on service, price, and product to yield the best of all three.
- Because many different people can modify open source software, special concerns can arise, such as the intellectual property issues.

SO 11

FUNDING STRATEGIES FOR STATE PORTAL

ISSUE

Funding cuts and implementation costs have stalled necessary improvements to the state portal.

SOLUTIONS

- *Establish authority to allow advertising on the California state portal as a means of self-funding and to develop a framework for establishing appropriate advertising standards.*
-

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Advertising may cheapen the image of the state as “for sale to the highest bidder.”
- Advertising may create an image that the advertiser is endorsed by the government.

Considerations

- Some advertisements may slow down Internet access drastically or incorporate unwanted pop ups. All of these may lower state workforce productivity and increase the cost of state operations.

SO 12

CONSOLIDATE STATE DATA CENTERS, SERVERS AND STORAGE

ISSUE

The state operates multiple data centers and is unable to leverage infrastructure to achieve economies of scale.

SOLUTIONS

- *Consolidate the administrative functions of the Stephen P. Teale and Health and Human Services Agency Data Centers under the State Chief Information Officer.*
- *Establish a high-speed connection between the Stephen P. Teale Data Center and the Health and Human Services Agency Data Center to facilitate resource sharing and operational recovery through mutual aid in the event of catastrophic loss at either data center.*
- *Expand the Teale Data Center and the Health and Human Services Agency Data Center to immediately hosting and management services and aggressively market them to state government agencies and departments. The Governor should direct the Department of Finance, or its successor, to support this effort.*
- *Allow the Teale Data Center and the Health and Human Services Agency Data Center to be removed from their respective agencies and their resources combined to establish the California State Data Center under the state’s Chief Information Officer.*

- *Develop customer service standards by January 1, 2005 and measurements for the California State Data Center to ensure customer focused delivery of products and services.*
-

PUBLIC COMMENT

2 comments were received for this recommendation. No comments expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- No testimony submitted.

Cons

- By consolidating the two data centers, the state will lose redundancy in its technology infrastructure. Significant down time may occur as a result of losing the ability to switch systems as systems fail.

Considerations

- Security should be a key consideration as data center consolidation is implemented.
- Outsourcing infrastructure functions is costly and can be administered more cost effectively by existing in-house staff.

SO 13

CREATE A STATEWIDE RADIO NETWORK INFRASTRUCTURE

ISSUE

Existing independent telecommunication service programs and radio network systems are proprietary, inflexible, and antiquated. Interoperable radio systems between state agencies are critical when responding to emergencies.

SOLUTIONS

- *Consolidate and centralize all agencies and departments with public safety radio systems under the Department of General Services Telecommunications Division (DGS-TD), or its successor, with the existing positions and funding in each department for those services assigned to DGS-TD.*
- *Create the Division of Public Safety Radio communications that maintain a core group of staff focused on public safety communications business needs.*
- *Pursue acquisition of additional spectrum for shared systems to achieve cost and functional efficiencies.*

- *Examine all possible public safety radio communications alternatives with a view to reliability, efficiency, and cost effectiveness, including proposals of different studies, and to prepare a report for the Governor's review by January 1, 2005.*
- *Initiate a software radio pilot project with the California Highway Patrol, Caltrans and OES by July 1, 2005 to develop interoperability solutions for emergency operations and determine what part of the existing infrastructure needs to be upgraded to operate software radio.*
- *Pursue planning and design coordination to build a single statewide network infrastructure to carry voice, data, and video communication via Internet Packet for public safety and state services by July 1, 2005.*
- *Develop a timeline for initiating planning for implementation of a single statewide radio and data communications network system on a single, statewide backbone.*

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Currently, CHP, Caltrans, and OES do not have an interoperable communications system, which makes it difficult to coordinate activities. An interoperable system is important to interagency communication and coordination during emergency situations.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 14

DEVELOP A STATEWIDE NETWORK INFRASTRUCTURE TO INCREASE CAPACITY AND REDUCE TELECOMMUNICATION COSTS

ISSUE

The State of California should develop and implement a Wide Area Network (WAN) infrastructure based on cost effective optical technologies to be shared by state agencies for data transport. Such a network is necessary for consolidating information technology resources, meeting increased demand, and reducing telecommunication costs to the state.

SOLUTIONS

- *Develop a Statewide Network Infrastructure based on optical fiber and Dense Wave Division Multiplexing (DWDM).*
-

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Specific discussion in opposition to this recommendation was not received.

Considerations

- A state network could be built with as few as four major hubs at a greatly reduced cost. Hubs located in Los Angeles, San Francisco, Sacramento, and Palm Springs could provide services to primary population centers and create a redundancy to assist in disaster recovery.

SO 15

VOICE OVER INTERNET PROTOCOL STATEWIDE NETWORK INFRASTRUCTURE

ISSUE

The state does not utilize new technologies such as voice over Internet protocol (VOIP) that can provide significant cost savings.

SOLUTIONS

- *Conduct an independent audit of all telecommunication services and respective billings received by the state.*
- *Initiate a pilot project to further test and confirm the advantages of VOIP within a statewide network infrastructure by January 1, 2005. It is anticipated that this project would take 90-180 days.*

PUBLIC COMMENT

8 comments were received for this recommendation. 7 comments expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- Using a VOIP system would modernize the state's telecommunications system, enabling the use of new technology while also reducing costs.
- VOIP combined with wireless technology can help the state create a mobile environment and increase productivity of the state workforce.

Cons

- No testimony submitted.

Considerations

- The state should consider implementing a web based call tracking and cost allocation system to enable accurate billing and to detect fraud and abuse of the state's network.
- There are a number of cities, such as the City of Oceanside, that have realized significant savings with the deployment of VOIP. The state should look to these as models as it pursues this recommendation.

SO 16

IMPLEMENT INTERNET PROTOCOL VIDEO TECHNOLOGY FOR VIDEO CONFERENCING AND TRAINING

ISSUE

Internet protocol video technology can be used for providing standardized video conferencing, distance learning, and employee training capabilities in a more accessible and affordable manner.

SOLUTIONS

- *Implement Internet Protocol video conference capability.*
- *Provide statewide employee training using centralized interactive IP video technologies. The state should broadcast instructor-guided courses from a centralized location to provide interactive classroom instruction to its employees statewide.*
- *Make telemedicine available at correctional facilities, to provide timely care, less disruption, and minimize the cost incurred from security and transportation of inmates to and from medical facilities.*

PUBLIC COMMENT

1 neutral comment was received for this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- The state should consider recording and storing video based education sessions as an addendum to this recommendation. The state may be able to save both time and money by having video recorded explanations for the state's programs.

SO 17

WIRELESS METROPOLITAN AREA NETWORKS PROVIDE IMPROVED BROADBAND ACCESS

ISSUE

The state should implement Wireless Metropolitan Area Network technology to reduce telecommunication costs, and to provide wireless broadband speed communications to stationary and mobile computer users.

SOLUTIONS

- *Deploy a pilot project to demonstrate a Wireless Metropolitan Area Network built upon 802.16 technology (WiMAX technology) and investigate the feasibility of deploying WiMAX technology as a replacement for state leased T-1 lines and as expansion to mobile computing, to improve and/or provide telecommunications capacity in remote locations.*
-

PUBLIC COMMENT

3 comments were received for this recommendation. 1 comment expressed support. 2 comments expressed opposition.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- Wireless networks are not as secure as T-1 lines. Care should be taken to ensure that security of the wireless network is maintained.

Considerations

- The state should consider letting private companies develop Wireless Metropolitan Area Network solutions for the state rather than assume the risk of developing a proprietary network.

SO 20

WIRELESS 311 NON-EMERGENCY CALL CENTERS

ISSUE

The California Highway Patrol answers most of the eight million calls to 911 made by wireless phones every year. During emergencies, it is unable to answer all the calls it receives.

SOLUTIONS

- *Establish two 311, non-emergency, wireless call centers to handle the calls that now clog the 911 emergency wireless call centers. One 311 center should be located in Northern and one in Southern California. The call centers should provide assistance to wireless callers who need to contact the CHP, but whose calls are not emergencies, and for callers who need to interact with all levels of government.*

PUBLIC COMMENT

1 neutral comment was received for this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- The state needs to ensure that there is an after hours number for assistance in state matters and to avoid congestion of 911 emergency lines for non-emergency issues.

SO 21

CALIFORNIA SHOULD DEVELOP A STATEWIDE INTEGRATED E-PAYMENT PORTAL

ISSUE

Californians and countless in/out-of-state businesses are forced to transact payments for state products and services in a manual form, such as currency, check, money order, or traveler's check, because most state entities are not set up to accept electronic payments. This results in a delay of revenue to the state as well as unnecessary costs due to inefficiencies to both the person and the government.

SOLUTIONS

- *Establish a statewide strategic policy on electronic fee collection by January 1, 2005.*
 - *Develop a statewide methodology to enable electronic payments for state provided goods and services through a web based portal by June 30, 2005.*
 - *Consolidate all contracts for electronic payments.*
-

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- E-payments will reduce processing costs for the state.

Cons

- No testimony submitted.

Considerations

- As e-payment and electronic fund transfer programs are established, the state should maintain a mail based system of payment to ensure that those who have not or cannot make payments electronically are able to continue making payments.
- Further review is necessary because the timeframe is unrealistic given the scope of the recommendation.

SO 24

CREATING A CALIFORNIA ENTERPRISE HUMAN RESOURCES SOLUTION

ISSUE

California state government lacks a statewide solution for managing its human resources assets.

SOLUTIONS

- *Identify existing human resource software applications and development projects. The state CIO should work with all agencies and departments to determine any critical fixes and continue those, while halting all other human resource development efforts, in order to implement the State Controller Office's 21st Century Project.*
- *Render the fullest possible support and cooperation to the State Controller's Office in the development and implementation of its 21st Century Project.*

PUBLIC COMMENT

1 comment in support of this recommendation was received. No opposing or neutral comments were received.

Pros

- This proposal will enable the state to improve its management of HR issues.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 25

DEVELOP A STATEWIDE CENTRALIZED FINANCIAL SYSTEM

ISSUE

California lacks a statewide, centralized financial system, leaving it unable to effectively manage its budgets and related programs.

SOLUTIONS

- *Assemble a Financial Task Force (FTF) of key representatives from various departments and develop a statewide vision and plan for a California enterprise financial system which supports the statewide business strategic plan, conforms with General Accepted Accounting Principles (GAAP), and enables integration with enterprise Procurement and Asset Management systems.*
 - *Identify all development projects enhancing or expanding existing financial applications before October 31, 2004. The Governor should direct state departments to freeze those applications that do not conform to the new Financial Task Force plan or are duplicating efforts. Fixes to keep business applications running should be exempt.*
 - *Develop a statewide basic financial system requirements and standards for the collection of all cost center data, including both personnel services and operating expenses and equipment.*
 - *Implement the statewide basic financial system by December 31, 2005 with implementation in all state agencies and departments completed by July 1, 2007.*
-

PUBLIC COMMENT

5 comments were received for this recommendation. 3 comments expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- The current state system is antiquated and does not meet the state's business needs. This proposal would allow state managers to receive timely budget information, improve decision making, and allow for better accounting controls.

Cons

- Specific discussion in support of this recommendation was not received.

Considerations

- The CALSTARS system is available in both the table driven system that California uses and in a relational database format. The state should conduct a best practices study of the states that use the STARS relational database system to determine if California could easily improve its financial systems.

SO 27

CALIFORNIA SHOULD CREATE A STATEWIDE SOLUTION TO MANAGE STATE EMPLOYEES' WORKERS COMPENSATION CLAIMS

ISSUE

Most departments continue to use isolated, department-specific databases and manual processes to track and manage workers compensation cases.

SOLUTIONS

- *Develop the requirements for a statewide workers' compensation case management tool. These requirements should be completed by July 1, 2005.*

PUBLIC COMMENT

1 comment in support of this recommendation was received. No opposing or neutral comments were received.

Pros

- This is a workable model and would help to constrain workers' compensation costs for the state.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 28

DEVELOP A CALIFORNIA ENTERPRISE APPLICATION TO MANAGE ITS STATEWIDE TRAINING AND EXAMINATION REQUIREMENT

ISSUE

California lacks a statewide vision and clear priorities for staff development, training and examination of its employees.

SOLUTIONS

- *Develop a plan for an enterprise training and examination system.*
- *Develop or purchase an enterprise training and examination system that schedules, registers and tracks employees' online and offline training and examinations.*

- *Aggressively compete for federal grants to help fund evaluation and training initiatives.*
-

PUBLIC COMMENT

1 comment in support of this recommendation was submitted. No opposing or neutral comments were received.

Pros

- Remote online training will enable employees to obtain training during non-business hours.

Cons

- No testimony submitted.

Considerations

- The application needs to be flexible enough so that departments with unique training requirements could participate in the program. When developing the system, DPA should partner with all potential training delivery systems.

SO 29

CONSOLIDATION OF E-MAIL WILL IMPROVE SERVICES AND SAVE THE STATE MILLIONS

ISSUE

E-mail systems for California's state government are fragmented and costly.

SOLUTIONS

- *Migrate e-mail services into the existing Department of Health and Human Services Data Center, or its successor.*
 - *Develop the migration plan to include at least 20,000 additional mailboxes in Fiscal Year 2004-2005.*
 - *Consolidate excess hardware infrastructure, where possible, to support all state e-mail accounts.*
-

PUBLIC COMMENT

3 comments were received for this recommendation. 1 comment expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- A consolidated statewide e-mail system will enable savings and increase capabilities.

Cons

- Self-resetting passwords pose a security risk. Administrator involvement is necessary to maintain security.
- Departments will lose flexibility in developing e-mail policies that meet their specific needs.

Considerations

- E-mail consolidation may limit the use of data that requires a higher level of security. For instance, the FTB may be precluded from implementing this recommendation because of IRS requirements regarding security for data.

SO 30

CREATE A STATEWIDE INFORMATION TECHNOLOGY HELP DESK

ISSUE

California government lacks a statewide IT help desk to better serve state employees with their IT-related problems.

SOLUTIONS

- *Develop by July 1, 2005 an Information Technology “help desk” service to be offered to all state agencies. The help desk service would include telecommunications, networking, mainframe, servers and storage devices, personal computers, desktop applications, and enterprise applications.*

PUBLIC COMMENT

2 comments were received for this recommendation. 1 comment expressed support. 1 comment expressed opposition.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- Specific discussion in opposition of this recommendation was not received.

Considerations

- A statewide technology help desk may not be able to respond to systems that require additional security. For instance, the FTB may be precluded from implementing this recommendation because of IRS requirements regarding security for data.

SO 33

TRANSFORM THE STATE'S STRATEGIC PLANNING PROCESS AND IMPLEMENT A PERFORMANCE-BASED MANAGEMENT SYSTEM

ISSUE

California's current strategic planning process is not linked to performance measurement, budget development, or performance reviews, therefore it does not provide the state's decision-makers with information necessary to evaluate individual programs and ensure that taxpayer dollars are not wasted.

SOLUTIONS

- *Implement uniform performance-based management systems, which include linked strategic planning, annual action planning, performance measurement, performance-based budgeting, and performance reporting for all programs within their purview.*
 - *Use strategic plans, annual program action plans, related performance measures, and performance reports in reviews of department and agency budget proposals.*
 - *Implement performance-based management to ensure the development and use of appropriate guidelines, processes, training, and information systems.*
 - *Develop processes to ensure that the mechanisms created to oversee the new system continue to evolve and improve to meet the changing needs of the state over time.*
 - *Develop and implement routine program-level performance reviews. The Governor should also instruct the Director of Finance, or his or her successor to consult with the Office of the Legislative Analyst, Bureau of State Audits and the State Controller when developing the review process.*
-

PUBLIC COMMENT

6 comments were received for this recommendation. 4 comments expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- This approach will enable a uniform approach to performance-based management systems, including budgets.
- This system will allow the state to better determine spending priorities and will create savings and improve services to the public.

Cons

- Specific discussion in opposition of this recommendation was not received.

Considerations

- It is important for the Department of Finance to partner with the departments and strategic planning units, especially when delivering training.
- The federal government, through the Government Performance and Results Act, and other state governments have successfully implemented performance-based analysis and budgeting. California should look to those successful efforts for guidance in reforming its budgeting processes.

SO 34

CREATE A FUNCTION IN THE GOVERNOR'S OFFICE CHARGED WITH IMPLEMENTING A PERFORMANCE-BASED MANAGEMENT SYSTEM

ISSUE

Experts recognize that a strong, effective, visible and committed leadership from the top is critical whenever an organization attempts to change.

SOLUTIONS

- *Establish a Performance-Based Management Function in the Governor's Office to develop a plan to implement performance-based management in California state government.*

- *Develop a resource and staffing plan by August 30, 2004 that supports a Performance-Based Management Section as a permanent operation in state government designed to provide the long term guidance necessary to implement performance-based management.*
 - *The Performance-Based Management Section shall develop a monitoring and evaluation plan for implementing performance-based budgeting and make recommendations for corrections as needed to ensure success.*
-

PUBLIC COMMENT

2 comments in support of this recommendation were received. No opposing or neutral comments were received.

Pros

- It is critical that performance-based management be driven from the top. Leadership commitment to performance based principles is critical to improving public services, streamlining business operations and saving taxpayer dollars.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 35

DEVISE USEFUL PERFORMANCE MEASURES TO IMPROVE STATE GOVERNMENT

ISSUE

How an organization targets desired results, measures what it does, and assesses its own performance is critical to the successful implementation of a strategic planning process and performance-based management.

SOLUTIONS

- *Devise and distribute guidelines and recommended procedures to state agencies and departments on how to develop and use viable performance measures.*
-

PUBLIC COMMENT

2 comments in support of this recommendation were received. No opposing or neutral comments were received.

Pros

- Performance measures is a useful tool to keep organizations focused on measurable results and drive change.

Cons

- No testimony submitted.

Considerations

- Developing meaningful performance measures is a difficult process, and implementing wrong measures can lead to unintended consequences.
- Often programs targeting people with disabilities are personalized to such a degree as to not fit into a broad categorization. The impact of these programs may not be measurable by systems that do not take into account the immense significance of incremental change within a highly individualized/specialized program. Performance-based budgeting impedes the flexibility required to respond to the vastly differing needs within the disability community.

SO 36

IMPLEMENT A BUDGET DEVELOPMENT PROCESS THAT LINKS STATEWIDE GOALS, PROGRAM PERFORMANCE AND FUNDING DECISIONS

ISSUE

California is paying for state programs that have outlived their purpose and ineffective departments that continue to operate without review or evaluation. When resources are limited, decision-makers do not have the information necessary to establish funding priorities.

SOLUTIONS

- *Ensure that funding requests from state agencies that and departments conform to and support the statewide vision and goals prepared by the Governor's Office.*
- *Require state departments to identify their core programs and develop an action plan for each.*
- *Assign each agency secretary a statewide goal(s) with instructions to devise strategies and spending plans to achieve that goal(s).*

- *Post the Governor's Budget including its statewide goals on an Internet website.*
 - *Identify, at a minimum, core programs and performance targets and work with the legislation to establish the performance targets in statute.*
-

PUBLIC COMMENT

2 comments were received in support of this recommendation. No opposing or neutral comments were received.

Pros

- This proposal would enable a uniform process to determine funding priorities and project outcomes.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 38

IMPROVE FINANCIAL MANAGEMENT SYSTEMS

ISSUE

California does not have adequate financial management systems in place to provide the state's decision-makers with the information necessary to obtain cost information, which could help assess program results on a timely and regular basis.

SOLUTIONS

- *Develop a financial management system capable of supporting a performance-based management system.*
- *Establish a financial advisory committee that includes the Department of Finance, the State Controller and State Auditor. The committee should create financial management standards for state government. The committee also should develop recommendations to update the existing Government Code to provide for modern financial management responsibilities, authority and expectations.*
- *Develop a long-term financial management strategic plan with targeted goals and strategies for accomplishing those goals. The committee should annually report to the Governor on its progress.*

- *Create an organization composed of agency and department Chief Financial Officers to shift state government's focus from transaction processing to decision and program support.*
- *Develop a modern financial information system and implement that system statewide, requiring state agencies and departments to use it as their financial operations system and their financial reporting system.*

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- The current state system is antiquated and does not meet the state's business needs. This proposal would allow state managers to receive timely budget information, improve decision making, and allow for better accounting controls.

Cons

- No testimony submitted.

Considerations

- This proposal would need to address the challenges of transcending administrations that may result in changing program funding and directions.
- Given the state's tremendous investment in CalSTRS, the state should consider improving as well as replacing this system with other systems.

SO 39

IMPROVE STATE BUSINESS PROCESSES THROUGH INCENTIVES

ISSUE

California currently suffers from a severe budget imbalance which has placed fiscal pressure on all state agencies, requiring them to look for ways to reduce costs without impacting the services they provide.

SOLUTIONS

- *Implement internal business process reviews to ensure agency processes and customer service are under ongoing scrutiny.*

- *Create a 21st Century Innovation Fund to capture savings obtained from business process reviews and other identified cost savings.*
 - *Develop and implement “gain sharing” methods to create incentives for employee teams to identify cost saving or productivity improvements using business process reviews.*
-

PUBLIC COMMENT

1 comment in opposition to this recommendation was received. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Specific discussion in opposition to this recommendation was not received.

Considerations

- The structure required to implement this program may create more costs than savings.

SO 40

BIENNIAL BUDGETING SHOULD BE ADOPTED

ISSUE

California’s annual budgets create great pressures on all budget staff and policy-makers as three budgets must be managed at one time which does not allow state officials the essential time to review and evaluate state program performance.

SOLUTIONS

- *Amend Article 4, Section 12 of the California Constitution to change the annual budget requirement to a biennial budget.*
-

PUBLIC COMMENT

1 comment in opposition to this recommendation was received. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Biennial budgets will limit flexibility of the Legislature and the Executive Branch to respond to changing needs of Californians.

Considerations

- No testimony submitted.

SO 41

CONSOLIDATE CALIFORNIA'S DUAL PERSONNEL MANAGEMENT SYSTEM

ISSUE

The state's dual personnel management system (State Personnel Board and the Department of Personnel Administration) has caused confusion about the two entities' roles, and delays in services to client state departments.

SOLUTIONS

- *Enact legislation consolidating the Department of Personnel Administration and the non-constitutionally mandated functions and staff of the State Personnel Board into a single entity.*
- *Amend applicable statutes to specify that the duties of the State Personnel Board (SPB) will be limited to their functions prescribed in the Constitution. The legislation should specify that the consolidated entity would dedicate staff to support the constitutional functions of SPB.*
- *Ensure the consolidated entity is funded through the same process currently used for state agencies providing central administrative services for the state. That is, the costs for the consolidated agency should be distributed among all other state agencies on a pro rata basis.*

PUBLIC COMMENT

1 comment in opposition to this recommendation was received. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Organizational conflicts may result from non-consistent missions. Consolidating the State Personnel Board, which administers the civil service system, with the Department of Personnel Administration, which manages collective bargaining, confuses the distinct roles of providing unbiased hiring and promotion with that of negotiating decent wages and benefits.

Considerations

- No testimony submitted.

SO 42

THE LEADERSHIP CHALLENGE

ISSUE

In the next three to five years, California will withstand the largest wave of retirements in the history of its public service.

SOLUTIONS

- *Establish a taskforce to develop a strategic plan to implement a permanent, ongoing education system for all state workers.*
 - *Establish a mentoring program to groom potential managers and executives within their organizations.*
 - *Support recruiting operations to bring top-quality college graduates into the state's public service.*
-

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- This recommendation will enable state agencies to plan for succession to ensure there is a continual needs assessment process matching skills with public services.

- This recommendation will help maximize the knowledge transfer from departing managers to newer managers.

Cons

- No testimony submitted.

Considerations

- The ability of the state to be competitive in its salary structure is critical to recruitment efforts for college graduates and other qualified individuals.

SO 43

CREATING A WORK FORCE PLAN FOR CALIFORNIA STATE EMPLOYEES

ISSUE

California is about to experience a large wave of retiring state employees. The state should use this as a catalyst for work force planning and for developing a more efficient work force through improved technology, budgeting, and management.

SOLUTIONS

- *Develop a strategic plan and performance measures that ensure business operations meet customer needs as recommended in the performance-based budget section of the California Performance Review report.*
- *Develop comprehensive work force plans that align their work force with their strategic business plans by identifying the work functions and skills required to meet internal and external customer needs, identifying and prioritizing gaps between present and future skill levels, and by developing and implementing human resources solutions that meet short and long term business goals.*
- *Establish a centralized unit to collect employment data, assist departments in developing individual work force plans, and develop a work force plan for California.*

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. 1 comment expressed opposition.

Pros

- Human resource needs are an essential component to determining what can be delivered and how it can be delivered to the state's customers in terms of services.

Cons

- The state should do a more comprehensive assessment of services that need to be provided and then determine the right number of people with the right skills that are needed to perform the function.

Considerations

- No testimony submitted.

SO 44

IMPROVE THE QUALITY AND PRODUCTIVITY OF THE STATE WORKFORCE BY ESTABLISHING A STATEWIDE RECRUITMENT PROGRAM

ISSUE

California does not have a centrally led and coordinated recruitment program. Strategic initiatives have not been formulated to systematically identify and attract good workers to fill the myriad of state jobs.

SOLUTIONS

- *Establish a centralized state recruitment program that provides leadership and coordination for departmental recruitment efforts, develops recruitment initiatives, markets state government as a desirable employer, and directly recruits for service wide occupations such as information technology, engineering, health care, and staff services.*
- *Amend existing statutes to require the state's workforce analysis process be conducted by departments and the results reported to the Legislature every odd numbered year. The process should be aligned with the strategic goals of each department and should be expanded to include identification and consideration of employment trends and to forecast future work force needs.*
- *Develop a single statewide Internet portal for all human resources information. Departments must be required to advertise every examination and job vacancy and to post them on this site. This portal can easily be linked to a larger statewide customer service portal.*

- *Establish an Employment Service Center. The call management system should be upgraded and eventually integrated into a comprehensive statewide call center network.*
- *Issue a policy memorandum directing departments to utilize the Staff Services Analyst (SSA) (and related) classifications as originally intended to introduce a wide spectrum of college graduates into the state work force. All current state employees must pass the SSA examination before transferring into this class. In addition, it should work with departments to better balance the need to infuse the system with new talent with the goal of providing upward mobility to existing employees.*
- *Develop a centrally advertised and coordinated statewide college recruitment program and adequate staff and fiscal resources should be provided to ensure its effectiveness.*
- *Establish a formal paid college intern program that departments should utilize as a source for hiring talented, well-educated employees.*
- *Work with departments to expand the use of the Student Assistant and Graduate Student Assistant classifications and to develop mechanisms to facilitate their easy transition into permanent state service employment upon completion of their degree programs.*
- *Develop metrics to evaluate the effectiveness of various recruitment strategies against pre-determined program objectives. These metrics will be used by the central human resources agency and by state departments as well.*

PUBLIC COMMENT

4 comments were received for this recommendation. 2 comments expressed support. No comments expressed opposition. 2 comments were neutral.

Pros

- A statewide Internet portal for human resources information is critical to providing timely and accurate information to state workers.

Cons

- No testimony submitted.

Considerations

- The SPB has released a system that will allow for California agencies to accept online applications (STD 678) instead of receiving them by mail.
- Seniority and institutional memory are important factors to consider as recruitment plans are developed.

SO 45

HIRE THE BEST OF THE BEST

ISSUE

The state is hampered by arcane rules and uses poor methods of hiring personnel that often prohibit hiring the best available talent.

SOLUTIONS

- *Develop a short list of guiding principles to be followed by departments as they administer examinations. Simplify the “rules” that define these principles and provide for increased flexibility such as using position-by-position testing, and selective certification by skills.*
- *Pursue the advantages of technology and focus on the development of considerably more Internet and/or other computerized examinations that can be administered continuously, thus reducing the cost of examinations and the length of time hiring managers must wait for hireable eligibles. All service-wide examinations should be administered continuously as Internet or computer adapted examinations.*
- *Formulate a plan to replace the current examination and certification system that manages virtually all examinations for state departments. Funds must be committed to replace this system.*
- *Offer training on how to construct and conduct competency-based examinations and on exam forecasting to enable departments to conduct job analysis and administer tests before hiring needs actually occur and to better serve the needs of hiring managers.*
- *Repeal all Government and Penal Code requirements for the selection of law enforcement personnel, thus enabling each department to establish job-related minimum requirements, utilize testing instruments that best meet its needs, and take advantage of advances in the science of human assessment.*
- *Amend the Administrative Procedures Act to eliminate the Office of Administrative Law’s review of rules and regulations relating to the internal personnel administration of the state.*
- *Carefully consider the benefit to the state of administering non-entry level examinations on an open basis in order to gain access to outside talent.*
- *Develop and release Internet or computerized examinations for the 60 service-wide classes that have traditionally been given on a promotional only basis. These examinations should be offered on an open continuous basis.*
- *Monitor the success of internal candidates in open examinations and provide increased developmental opportunities when warranted.*
- *Amend existing statutes to eliminate all types of non-merit points from state examinations. In a true merit system, scores should be based solely on test*

performance and not on other non-job related factors. These points should be eliminated and/or revised to mitigate the negative impact on other candidates.

- Repeal existing statutes to eliminate the application of career credits and seniority points to examination scores. The Department of Personnel Administration, or its successor, should not agree to any contract provisions that permit seniority as a consideration for hiring decisions.*
- Reinforce policy and provide guidance to departments for distribution to hiring managers directing them to effectively use the probationary period.*
- Train hiring managers and then hold them accountable for the completion of all probationary reports and for the effective use of this process.*
- Modify the mandatory 80 hours of supervisory training to include more in-depth information regarding the need for effective use of probationary periods and more information regarding the details of conducting an effective performance related discussion.*
- Establish a single probationary period of one year for all non-managerial civil service classes.*
- Retain its current system of centralized service wide examinations and decentralized department-specific examinations. The State Personnel Board, or its successor staff, should retain responsibility for and administer examinations for all service-wide classifications, including the 60 servicewide classes that have been delegated to departments for promotional only testing. Staff resources must be redirected to accommodate this increased workload.*
- Require that the examination manager in each department complete the Selection Analyst Certification Program, or an equivalent program recognized by the State Personnel Board as a condition of continued delegation of examinations.*
- Focus as much on the quality of their selection instrument decisions as they do on the goals of faster and cheaper examinations. The Governor should request the State Personnel Board, or its successor staff, to direct departments to use the metrics of job analysis and validation to assess the quality of their examinations as tools to meet managers' needs and to develop examinations of acceptable quality.*
- Ensure departmental accountability and examination quality by establishing a regular review and audit process.*
- Include management of the human resources function and utilization in performance-based management.*

PUBLIC COMMENT

20 comments were received for this recommendation. 17 comments expressed support. 3 comments expressed opposition.

Pros

- It is important to hire the “best and the brightest” to provide top quality services in innovative ways within budget parameters. This recommendation will enable this goal.
- This recommendation would make examinations more accessible to state workers and help ensure greater competition for positions.

Cons

- The recommendation to eliminate Veterans’ Preference Points needs to be reconsidered. With the large number of Californians currently serving on active duty, the emphasis should be on strengthening the programs to veterans, not reducing or eliminating them.
- This proposal recommends constitutional changes and legislation on the state’s civil service system that could set back the progress that has been made against political bias and favoritism in state employment.

Considerations

- The state should implement a centralized testing area for positions that can be utilized across different departments.
- Bargaining units should be consulted as this recommendation is developed and implemented.
- Morale needs to be developed within the state workforce in order to increase productivity and enhance services.
- If the state’s testing and evaluation process is going to be updated, the administration should work closely with the elected leadership of the state’s employee organizations, including the rank and file, to develop and update the hiring process for state civil service.

SO 46

CREATE AN EFFECTIVE MANAGEMENT STRUCTURE

ISSUE

The state does not have a process that ensures that the most qualified individuals are appointed to management and leadership positions.

SOLUTIONS

- *Amend existing statutes to allow individuals outside state civil service to compete in examinations for career executive assignments.*
- *Amend existing legislation to expand the definition of the Career Executive Assignment classification to encompass the policy role of lower level managerial positions. This classification should be referred to as the Senior Executive Service class (SES). The Governor should request the State Personnel Board, or its successor staff, and direct the Department of Personnel Administration, or its successor, to work with agencies to determine which managerial positions are appropriate for conversion to the SES class.*
- *Delegate to state agencies the authority to allocate a specific percentage of their positions to the Senior Executive Service class without additional approval.*
- *Incorporate specialized Career Executive Assignment classes into the Senior Executive Service category as these positions become vacant.*

PUBLIC COMMENT

2 comments were received for this recommendation. No comments expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- No testimony submitted.

Cons

- Specific discussion in opposition to this recommendation was not received.

Considerations

- Systems would need to be put in place to mitigate favoritism and emphasize qualifications.
- Stability in management would need to be addressed to mitigate issues associated with changes in administrations.
- The state needs to start grooming its own employees for the positions and to start looking internally for the upper level positions.

SO 47

CONSOLIDATE AND UPDATE STATE CIVIL SERVICE CLASSIFICATIONS

ISSUE

The state has too many civil service classifications. In fact, there are 1,062 classes that currently exist that do not have incumbents. These classifications are often out of date and/or are not descriptive of the actual work being performed. These classification structures are in contrast to the national governmental trend towards “broad band” classes.

SOLUTIONS

- *Update the consolidation proposals previously developed in partnership with participating departments and implement the new consolidated classifications.*
 - *Study other major occupational groups of classifications, such as legal, business services, clerical and investigators, for consolidation. These groups were previously identified for future consolidation projects.*
 - *Explore the federal model of grouping similar classifications into “salary bands” to further streamline the classification and pay process and to create additional efficiencies.*
 - *Abolish those classifications with no incumbents and which have not been used in the previous two years.*
-

PUBLIC COMMENT

1 comment in support of this recommendation was received. No opposing or neutral comments were received.

Pros

- The number of classifications is a hindrance to effective and efficient hiring and promoting.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 48

DEVELOP AN OFFICIAL POLICY FOR SETTING EMPLOYEE COMPENSATION

ISSUE

There is no official compensation policy, compensation is not tied to actual employee performance, and no compensation survey is being conducted.

SOLUTIONS

- *Develop a Request for Proposal (RFP) to seek competitive bids for a comprehensive, statewide salary survey and analysis. The RFP should require certain minimum requirements (as listed in the CPR report).*
- *Develop a clearly stated compensation policy for represented employees to guide DPA, or its successor, in labor negotiations. The compensation policy should be developed by DPA and negotiated with the employee representatives.*
- *Develop a clearly stated compensation policy for excluded and exempt employees.*
- *Amend state law to require comprehensive statewide salary surveys to be conducted routinely.*
- *Amend existing statutes to end the salary survey conducted to set salaries of employees of the California Highway Patrol (CHP). The current law restricts the flexibility of the state in labor negotiations. There will be no need for a separate salary survey specific to the CHP if amendments to existing statutes are adopted, as discussed in recommendation [SO 48-D].*
- *Amend existing statutes to allow exempt employees to earn annual salaries greater than the salary set by the Citizen's Compensation Commission for the Governor. These amendments should include language that ties compensation for exempt employees in managerial positions to a specific performance contract.*

PUBLIC COMMENT

2 comments were received for this recommendation. 1 comment expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- State compensation needs to be realigned for the various positions so that the state can hire the most qualified people.

Cons

- No testimony submitted.

Considerations

- The state should consider factors such as cost of living in different geographic locations when determining employee compensation.

SO 49

MERIT SALARY

ISSUE

Merit Salary Adjustments are automatic entitlements that do not encourage performance.

SOLUTIONS

- *Reinstate pay-for-performance for managers and supervisors.*
 - *Amend existing regulations so that Merit Salary Adjustments are not automatically given to employees.*
 - *Negotiate with employee representatives to establish a process for graduated Merit Salary Adjustments during the next available contract cycle. The subsequent memoranda of understanding may supersede existing statutes. The top step(s) of each salary range should not be part of the salary base, but will be considered a performance bonus contingent upon sustained superior performance.*
 - *Devise and implement a more flexible performance-based salary adjustment process for managers and supervisors who are excluded from collective bargaining. This may need to be implemented through a process to be determined by the excluded and Exempt Employee Salary-Setting Task Force. This will require amendments to existing statutes and regulations.*
 - *Limit the circumstances under which employees may file a denial of salary adjustment grievance. The DPA should amend existing regulations to limit the circumstances under which employees may file a denial of salary adjustment grievance to the following reasons only:*
 - *Failure to receive a performance appraisal during the past 12 months; or*
 - *Circumstances clearly indicating that the salary adjustment was denied due to factors other than the employee's job performance.*
-

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Pay for performance does little to create incentives for retention and motivation in the workforce.
- Pay for performance is far too subjective and can lead to favoritism which has a negative impact on workforce morale.

Considerations

- No testimony submitted.

SO 50

CONTROLLING RETIREMENT INCENTIVE COSTS

ISSUE

California has several retirement incentives available to its workforce; however, the cost effectiveness of these programs must be re-examined within the context of an aging workforce.

SOLUTIONS

- *Announce that there will be no early retirement package. The administration can encourage employees to retire without offering retirement incentives by announcing that no early retirement package will occur during this term.*
- *Request the California Public Employees' Retirement System to continue to offer the air time program. The air time program encourages employees to take charge of their own retirement strategies and allows employees to retire at an earlier age.*
- *Sponsor legislation for retirement bonuses.*
- *Develop flexible retirement plans.*
- *Competitively bid for flexible retirement plans.*
- *Conduct studies and initiate legislation to ensure it is empowered with the authority necessary to remain innovative and flexible with the retirement options offered to state employees while ensuring competitive costs to its members and the state.*

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Under the current defined benefit plan, retirees can project what their income will be and actually plan for the future. This recommendation may not yield the stated benefits.

Considerations

- There are many state workers who have delayed retirements because they switched between Tier I and Tier II several years ago. Those workers should be given the option to return to Tier I and have the money received when they switched plans be forgiven or considered a bonus. Additionally, the state should give those workers full retirement benefits in return for their immediate retirement. This would free up several positions and save the state of California thousands of dollars through salary savings.
- The state should develop “Deemed IRA” and “Deemed Roth IRA” plans for state employees. This is permitted under federal law, and is in support of the principle of assisting employees in funding their own retirement. This could be established at a modicum of cost and would make additional funds available to purchase “air time” (AB 719), and make available in IRA accounts such investment tools as “stable value funds” and institutional mutual funds that are now available in 401k and 457 accounts.

SO 51

CONTROLLING ENHANCED RETIREMENT COSTS

ISSUE

Retirement incentives can create salary savings by encouraging retirements; however, these incentives may cost the state more money by paying retirement incentives to employees who had already planned to retire. The number of enhanced retirement designations is growing and many new classifications do not meet established safety status criteria.

SOLUTIONS

- *Use traditional safety criteria to determine safety membership status.*
- *Replace the use of safety designations with industrial memberships. The purpose of safety retirement is to encourage “public protective” and “physically fit” employees to retire earlier and as such, it makes little sense to offer the same retirement benefits to employees in classifications that may improve over time such as psychiatrists and podiatrists. The Department of Personnel Administration, or the*

successor entity, should reward hard-to-recruit employees with better pay and industrial death and disability benefits instead of safety retirement.

- *Re-examine the state's industrial disability presumptions.*

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Under the current defined benefit plan, retirees can project what their income will be and actually plan for the future. This recommendation may not yield the stated benefits.

Considerations

- No testimony submitted.

SO 52

NO MOTIVATION, NO RESULTS: CREATING A PERFORMANCE CULTURE IN THE CALIFORNIA CIVIL SERVICE

ISSUE

A performance culture does not uniformly exist in the California civil service.

SOLUTIONS

- *Develop performance standards for rank and file employees.*
- *Develop and provide training to human resource and management staff responsible for implementing performance management programs.*
- *Integrate all employee performance expectations with their missions, goals and outcomes.*
- *Develop evaluation processes for supervisors and managers that include accountability for results and a requirement to conduct performance appraisals of their subordinates.*
- *Create agency and statewide databases to collect performance appraisal and Individual Development Plan (IDP) information.*
- *Develop management reward systems to recognize outstanding performance and contributions to achieving organizational goals.*

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. 1 comment expressed opposition.

Pros

- Connecting performance expectations to mission, goals, and outcomes makes the evaluation process more objective and relevant.

Cons

- The proposal is too vague and the policy and operations impact is difficult to assess.

Considerations

- No testimony submitted.

SO 53

THE LEARNING IMPERATIVE

ISSUE

Training for state employees is given a low priority and training resources are scattered among several agencies. Also, the state does not leverage its own higher education institutions to benefit from their knowledge of training for career development.

SOLUTIONS

- *Develop a statewide training policy that describes the state's commitment to staff development and its importance in achieving agency missions and providing quality customer service.*
 - *Develop a statewide training portal in conjunction with the human resources portal that lists all of the training for employees that is offered by state, private, and educational institutions.*
 - *Develop a consolidated training registration system for classes offered through the statewide training portal.*
 - *Develop a mentoring program to groom potential managers and executives within their organizations.*
 - *Allocate to the State Training Center, State Personnel Board, or its successor, and Health and Human Services Data Center Training Center administration costs on a pro rata basis to all user state agencies based on number of employees.*
 - *Develop appropriate learning strategies and programs for state employees leveraging state colleges and universities.*
-

PUBLIC COMMENT

3 comments were received for this recommendation. 2 comments expressed support. 1 comment expressed opposition.

Pros

- A statewide training portal would provide better information for state workers and streamline the registration process.
- A formal mentoring program would allow for the transfer of knowledge between state employees with little cost to the state.
- Partnering with state educational entities to develop training programs would allow the state to leverage the latest thinking on training and workforce development.

Cons

- Specific discussion in opposition to this recommendation was not received.

Considerations

- State supervisors and managers should be required to take training when first promoted to each new level.

SO 54

CREATE A FAIR AND EFFICIENT EMPLOYEE DISCIPLINE SYSTEM

ISSUE

The state does not have an effective system for quickly resolving employee performance issues.

SOLUTIONS

- *Work with the labor unions to implement, as an alternative dispute resolution methodology, a statewide process of performance management similar to the “discipline without punishment” program used in Georgia.*
- *Evaluate the effectiveness and efficiency of the three current mediation processes used by the California Highway Patrol, the Department of Forestry, and the State Personnel Board, or its successor. The alternative which is most effective should be implemented in those departments with no alternative process and replace less effective processes.*
- *Develop web-based training for department supervisors on the employee discipline processes. Emphasis should be placed on addressing the primary causes for*

revocation or modification of adverse actions. Models of well-written actions should be shared with departmental managers on this website.

- *Track the success/failure rates of each method of employee discipline, including the traditional model, and report its findings on its website at least every three years.*
-

PUBLIC COMMENT

3 comments were received for this recommendation. 1 comment expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- State managers need to be given the authority and accountability to deal with non-performing state workers under their charge to drive better productivity and customer service.

Cons

- Corrective measures need to be implemented, but the state's disciplinary system and the employees' due process rights that go with them should not be abolished.

Considerations

- Require that specific examples of "unsatisfactory behavior or performance" be included in all cases. Also documentation would help establish a fact base regarding specific instances.

SO 55

IMPROVE EMPLOYEE SUGGESTION PROGRAM

ISSUE

The State of California's Employee Suggestion Program does not provide adequate incentives to encourage employees to develop and submit suggestions for reducing government spending and/or improving services.

SOLUTIONS

- *Propose legislation to eliminate the Merit Award Board's oversight of the Employee Suggestion Program.*
- *Appoint a designee to serve as an executive sponsor of the project.*
- *Delegate approval for employee suggestions to departments.*
- *Increase the amount of an award approved by departments from \$5,000 to \$50,000.*

- *Eliminate the necessity for a concurrent resolution from the Legislature to approve monetary awards exceeding \$5,000.*
- *Develop, coordinate, and actively market an online employee suggestion system similar to the Texas online State Employee Incentive Program.*

PUBLIC COMMENT

4 comments were received for this recommendation. 3 comments expressed support. 1 comment expressed opposition.

Pros

- State employees are in the best position to develop solutions for increased customer service and cost savings. Developing an effective employee suggestion program will enable state employees to help develop solutions.

Cons

- Specific discussion in opposition to this testimony was not received.

Considerations

- The state should review recent proposed legislation, AB 2425 (Cox), for Merit Award Program improvements such as mandated suggestion production requirements, higher award amounts, and union participation.

SO 56

SPLINTERED SYSTEM OF REVIEWING DISCRIMINATION COMPLAINTS CREATES DUPLICATION OF WORK

ISSUE

There are at least four state entities with which complaints of employment discrimination can be filed. This results in overlapping state functions, increased costs, and inconsistent decisions among entities.

SOLUTIONS

- *Amend or adopt regulations that will ensure acceptance of claims of employment discrimination against a state entity only if the individual has not filed a claim with the other state agency.*

- *Implement procedures that will ensure claims of employment discrimination against a state entity are accepted only if the individual has not filed a claim with the other state agency. This change will not prevent employees from first filing a complaint with the department alleged to have discriminated, filing directly with the Equal Employment Opportunity Commission, or taking their case directly to court.*
 - *Prevent allegations of discrimination or denial of reasonable accommodation from being subject to the grievance and arbitration procedures. Any existing bargaining unit contracts containing such allowances should be modified by the Department of Personnel Administration, or its successor, upon their expiration.*
 - *Implement methods to track state costs associated with the investigation and litigation of discrimination cases. This information should be incorporated into the existing annual reporting process to the Legislature on discrimination complaint activity, by the State Personnel Board, or its successor. The State Personnel Board, or its successor, shall provide guidance to state agencies on the implementation of this directive.*
 - *Establish policy and implement procedures to ensure resolution of conflict, resulting from allegations of discrimination, at its earliest occurrence using informal methods such as mediation. Policy and procedures should be distributed to state departments.*
-

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Documentation is critical to demonstrate discrimination.

Considerations

- AB 2275 attempts to address the issues identified by the CPR in regards to this issue.

SO 57

"The state's layoff process has developed over years of advocacy in order to address the inequities found in the state's actual layoff policies. While the rules that are in place may be viewed by the CPR as 'cumbersome,' they are in place to provide fairness to employees and their families in the face of unemployment."

Allen Davenport
Director of Government Relations
Service Employees International
Union, AFL-CIO
Written Testimony

SO 57

STREAMLINE THE LAYOFF PROCESS

ISSUE

The state layoff process is cumbersome to implement and net savings resulting from layoffs are difficult to achieve. The process should be streamlined to increase savings to the state and to improve efficiency and workforce quality.

SOLUTIONS

- *Develop an aggregate employee history database. The database would be used for calculation of multiple layoff scenarios.*
- *Give all state departments a dollar target of savings to achieve rather than a headcount number. The state should allow departments and management the freedom to decide how to achieve savings.*
- *Develop an employees' merit system to be accounted for in the calculation of seniority. The inclusion of merit in the process is necessary for the state to ensure talented employees will not be lost.*

PUBLIC COMMENT

2 comments were received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- While the rules that are in place may be viewed as cumbersome by some, the rules provide fairness to employees in the face of unemployment.

Considerations

- No testimony submitted.

SO 58

REPEAL THE SIX-MONTH RULE FOR VACANT POSITION ABOLISHMENT

ISSUE

Government Code Section 12439 should be repealed. Vacancy elimination should be controlled through policy issued by the newly created Office of Management and Budget.

SOLUTIONS

- *Repeal Government Code Section 12439. Vacancy elimination should be controlled through policy issued by the Department of Finance, or its successor.*
-

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- The current system encourages filling positions quickly to avoid losing them. Repealing this rule will give state agencies more flexibility and allow them to make more rational decisions based on need.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 60

THE STATE MUST CREATE A NEW PROCUREMENT ORGANIZATIONAL STRUCTURE TO MAXIMIZE EFFICIENCY AND MINIMIZE COSTS

ISSUE

The State of California is not organized to buy goods and services in the most cost-effective way to meet its needs.

SOLUTIONS

- *Develop legislation that would statutorily vest full procurement authority in agencies under the guidance and leadership of the Department of General Services (DGS), or its successor. As an interim measure, the Governor should direct DGS to*

delegate full procurement authority to those state agencies that currently lack full authority for all types of acquisitions under the general control and leadership of DGS or its successor entity. This full delegation would be effective as each agency is re-organized and adopts the shared services model for procurement.

- *Create a statewide procurement organizational structure. This new structure should have the following levels: Tier 1—Strategic Level: a new procurement unit should be created to work at this level in the DGS or its successor entity with staff that has procurement education and experience. This new procurement unit will provide professional services matching customer needs with leadership, knowledge, and expertise. They will be center-led, strategic, customer centric and will create the lines of business, leverage buying and the tools to be utilized at the Tier 2 and Tier 3 levels. Tier 2—Tactical Level: this tier consists of procurement staff from the reorganized department procurement organizations consolidated into a shared services model to meet the business needs of each agency. Tier 3—Operational Level: this tier consists of staff that is engaged full time or part time in procurement activities at the operational level. They are embedded in various programs and need basic procurement skills to meet their day-to-day requirements.*
- *Ensure all procurements that occur within their departments are validated by regular audits. The audit would regularly review the state department's purchasing activities. This audit will ensure that the state departments remain accountable while operating at the highest levels of efficiency and effectiveness. Complete procurement authority ensures agencies can take action and meet specific reporting and performance targets.*

PUBLIC COMMENT

2 comments were received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Delegated authority enables departments to acquire goods and services timely and cost-effectively. Regular audits help strengthen department practices and point out areas of improvement.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 61

THE STATE NEEDS TO PROFESSIONALIZE ITS STATE PROCUREMENT WORKFORCE

ISSUE

Generally, the skills associated with California's procurement workforce are inadequate to meet the needs of a modernized procurement system.

SOLUTIONS

- *Upgrade the skills of the state's procurement workforce through the accomplishment of the following:*
 - *SHORT-TERM: Develop a legislative proposal for an Acquisition Workforce Improvement Act that includes training and continuing education and addresses other transition needs; assess procurement skill levels throughout all organizational tiers; develop a basic contract officer warrant system framework; determine new focused training and certification needs for each organizational tier; and recruit mentors from other public procurement systems, academia, nonprofits and the private sector.*
 - *MID-TERM: Adapt DGS-developed basic contract officers warrant framework and apply it as necessary to best fit the agency's needs; develop and implement a procurement professional mentor program; develop and implement interagency, inter-disciplinary and industry exchange programs to aid in staff development; and begin delivering new focused training for each organizational tier.*
 - *LONG-TERM: Develop a professional acquisition classification series restructure proposal to create a series of procurement job classifications. There should be a requirement for continuing education and incentives for certifications and a career path within the profession.*
-

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- State employees would benefit from ongoing staff development in regards to procurement issues. This will increase staff capability to get the best value for their customers while ensuring compliance with statewide laws and regulations.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 62

**ELIMINATE A MAJOR SOURCE OF CONFLICT BETWEEN THE
CENTRAL PROCUREMENT AGENCY AND ITS AGENCY CLIENTS**

ISSUE

The existing procurement fee funding model (a per-transaction-based model) has created conflict between state departments and DGS. The activities of the proposed organization, a model of knowledge-based, strategically-focused central procurement would not be compatible with a fee-based funding model.

SOLUTIONS

- *Develop a cost allocation model that will equitably recover the costs of the central procurement organization via pro-rata funding by state agencies. DGS, or its successor, shall use the model to determine the pro-rata fees that will only finance the necessary costs of the state's central procurement agency.*

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- Currently, the relationship between the fees paid to DGS and actual services provided is problematic. The change to a pro-rata funding model for DGS makes sense, given the proposal to re-focus DGS into an entity that emphasizes state leadership and procurement planning at a strategic level.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 63

CONSOLIDATE AND SIMPLIFY PROCUREMENT STATUTES AND POLICIES

ISSUE

Procurement laws and policies are fragmented, incomplete in many areas, and overly complex in others. This structure is ineffective, expensive, and discourages firms from doing business with the state.

SOLUTIONS

- *Conduct an analysis of the current statutory review and approval, and competitive bid exemptions authorized in various state codes, and validate the need for continuing the exemption. Legislation should be proposed to remove any exemptions if it is determined that the state could reduce costs by doing competitive bids in accordance with the Public Contract Code requirements.*
 - *Simplify and streamline state procurement and contracting statutes into a single, uniform, understandable act, eliminating artificially compartmentalized goods, information technology and service procurement regulations. The act should define “small purchase” and provide for an expedient and efficient process to accomplish these types of actions and mandate the use of credit cards for payment. The act should also incorporate the other procurement and contracting legislative changes recommended by the California Performance Review to create a comprehensive, cohesive modern system that will attract companies to do business with the state and promote efficiencies and economies in the procurement process.*
 - *Update the pertinent parts of the California Code of Regulations, as necessary, to reflect the changes to the codes as a result of the new act.*
 - *Establish a governance structure to manage, maintain, update and communicate statewide procurement policies. In order to ensure that all stakeholders are adequately represented, the structure should include a senior level advisory committee composed of Executive, Legislative, and private sector representatives.*
-

PUBLIC COMMENT

1 neutral comment was received for this recommendation. No supporting or opposing comments were received.

Pros

- No testimony submitted.

Cons

- No testimony submitted.

Considerations

- The state should not favor other state entities more than private sector companies when contracting for functions. The playing field between private sector and public sector should be level.

SO 64

STREAMLINE AND REFORM THE VENDOR PROTEST PROCESS USED IN THE PROCUREMENT OF GOODS AND SERVICES

ISSUE

The state's procurement process system for purchasing goods and services provides for a protest process that is complex, protracted, and not responsive to the interests of the state or the vendors who offer to supply the goods and services.

SOLUTIONS

- *Amend the Public Contract Code to reform the procurement protest processes.*
- *Create an informal process to resolve procurement appeals uniformly by the affected Agency Secretary within 10 days of filing. The Agency Secretary would have the responsibility to make the final decision. The vendor would have the option to use the court system for any further appeal, if desired.*

PUBLIC COMMENT

2 comments were received for this recommendation. 1 comment expressed support. 1 comment expressed opposition.

Pros

- A uniform bid protest process would simplify and streamline the procurement process and allow the state to acquire goods and services efficiently and in a fair manner.

Cons

- A meaningful protest system is imperative to safeguard the public procurement process and it serves the interests of all stakeholders by monitoring the integrity of the procurement process.

Considerations

- No testimony submitted.

SO 68

ESTABLISH SMALL BUSINESS AND DISABLED VETERAN BUSINESS ENTERPRISE SET-ASIDES

ISSUE

The establishment of mandatory set-asides will greatly improve the contracting opportunities for state certified small businesses and Disabled Veteran Business Enterprises (DVBE), and help the state meet its participation goals.

SOLUTIONS

- *Establish a competitive environment where certified small business firms and certified Disabled Veteran-owned Business Enterprise firms can only compete with other certified small business firms and certified DVBE firms for contracts up to \$100,000, known as set-asides, for the acquisition of goods, services, information technology, and construction.*
 - *Make mandatory the use of a streamlined bidding process, and require all state agencies, departments, boards, and commissions to maximize the opportunity offered to them under Government Code Section 14838.5, and competitively bid contracting opportunities, to certified small business firms and certified DVBE firms for the acquisition of all goods, services, information technology, and construction from \$5,000 up to \$100,000.*
 - *Amend Government Code Section 14838.5 to include the acquisition of all goods, services, information technology, and construction up to \$100,000 and establish the set-asides.*
 - *Repeal the five percent small business bidding preference, which has had a detrimental impact on the state's contracting and procurement processes. The success of the set-aside recommendation (refer to "SO 68-C") would negate the bidding preference, and provide a more level and competitive contracting environment for certified small businesses.*
 - *Amend statute to remove the DVBE Enterprise Good Faith Effort. The good faith effort has proven to be ineffective. Large businesses use it as an alternative means to sub-contracting with DVBE firms, therefore negating business opportunities for those firms.*
 - *Promote and encourage businesses to adopt a Business Utilization Plan as the alternative means of complying with the DVBE requirement, until Public Contract Code Section 10115.2 is amended.*
-

PUBLIC COMMENT

2 comments were received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- This recommendation places DVBE and SBE in identical categories ignoring the fact that DVBE is established as a higher level in procurement and contracting hierarchy than SBE.

Considerations

- No testimony submitted.

SO 70

TAKING STEPS TO CONTAIN STATE DRUG COSTS

ISSUE

Costs of pharmaceuticals (drugs) have been rapidly escalating over the past few years. The state's current practice of procuring drugs is not coordinated in a unified fashion (i.e., decentralized among a number of state departments), thereby limiting the state to take full advantage of its large purchasing power. The state is also not taking advantage of favorable federal pricing.

SOLUTIONS

- *Enter into a contract with a Pharmacy Benefits Manager to administer the state's drug purchasing program.*
- *Create a new Central Pharmaceutical Office (CPO). This office shall be authorized and responsible for the procurement and management of all pharmaceutical programs. In addition, the CPO shall have the authority to establish cooperative relationships with local governmental entities, exempted state entities and representatives from pharmaceutical manufacturers in order to maximize the state's large volume purchasing power.*

PUBLIC COMMENT

6 comments were received for this recommendation. 3 comments expressed support. 3 comments expressed opposition.

Pros

- Instating a Pharmacy Benefits Manager (PBM) for the CMSP population has saved that organization \$20 million in the last year. Implementing a PBM may make it easier for WIC clients to get the services they need in a less bureaucratic fashion.

Cons

- The state's buying needs for pharmaceuticals are complex and Pharmacy Benefits Managers (PBM) do not necessarily have the expertise to administer the state's drug purchasing program.
- Competitive bidding for oxygen may reduce the number of patients receiving ambulatory oxygen systems because the current payment system does not recognize the cost differences in the various oxygen delivery modalities.

Considerations

- The state would be better served to participate in a multi-state purchasing consortium or developing its own Group Purchasing Organization.
- Current law does not permit reverse auction process on any construction contracts under the Public Contract Code.

SO 71

INCREASE THE USE OF PERFORMANCE-BASED CONTRACTING

ISSUE

Typical procurement documents are now prescriptive in nature, specifying how the contractor should perform the work. When the state issues a prescriptive procurement, the contractor is unable to find better, more cost-effective ways of doing business, such as performance-based contracting.

SOLUTIONS

- *Direct the Department of General Services, or its successor, to promote the use of performance-based contracting where applicable.*
- *Direct the Department of General Services, or its successor, to design and place template contracts on the Web with separate sections for contract specifications, deliverables, sample timelines for deliverables, and recommended standard terms and conditions. The Department of General Services, or its successor entity, should develop guidelines and evaluation criteria, as well as provide training in performance-based contracting to appropriate department staff.*

- *Direct the Department of General Services, or its successor, to direct state agencies to convert at least 10 percent of new and renewal service-related contracts to performance-based contracts by Year 1; 20 percent by Year 2; 40 percent by Year 3; and 50 percent by Year 4.*

PUBLIC COMMENT

3 comments were received for this recommendation. 1 comment expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- Performance-based procurement can reduce risks and increase the value of procurements.

Cons

- The state cannot risk the delivery of public service to unknown motivations of private sector companies while eliminating laws that require justification of cost savings and service level guarantees.

Considerations

- The performance-based approach may not be correct for all procurements. A thorough needs assessment should be performed at the onset of each procurement.

SO 72

IMPLEMENTING MORE STRATEGIC SOURCING PROCUREMENT STRATEGIES

ISSUE

Strategic sourcing is an effective procurement strategy the state should employ to better leverage its massive spending power and reduce costs.

SOLUTIONS

- *Expand strategic sourcing opportunities throughout state government.*

PUBLIC COMMENT

5 comments were received for this recommendation. 3 comments expressed support. 1 comment expressed opposition. 1 comment was neutral.

Pros

- The state will be able to maximize its buying power through leveraged procurements and obtain significant cost savings in commodities and business services.

Cons

- Consolidating purchases for IT goods/services may save costs, but consolidating all goods/services to leverage buying power may not be in the best interest of the state. Every purchase has fixed and variable costs and consolidation at some point can save no more money and creates opportunities for corruption. This only reduces the number of competitors further and benefits the largest companies that bid items bundled into single contracts. Small businesses will be hurt by sourcing efforts.

Considerations

- As an alternative to sourcing, the state should consider standardizing the processes and procedures so all agencies procure the same way to achieve efficiencies.
- Strategic sourcing should be incorporated into K–12 programs also.
- In order for strategic sourcing to work, an effective system needs to be developed to share information with all departments.

SO 74

ALTERNATIVE SERVICE DELIVERY TECHNIQUES AND COMPETITION IN THE STATE'S PROCUREMENT OF GOODS AND SERVICES

ISSUE

California needs to reconsider its broad statutory monopoly for delivery of government services. Alternative service delivery techniques can be a powerful tool for improving quality and saving money when properly used.

SOLUTIONS

- *Establish a Competitive Government Panel comprised of representatives from state government. The Panel should conduct public meetings as necessary with a variety of interested parties such as the business community, employee representation groups and citizens. The Panel should be charged with developing a strategy to address the barriers impeding the use of alternative service delivery techniques and make recommendations to overcome those barriers. The Panel should also*

make recommendations about how best to implement and oversee alternative service delivery projects. The Panel should be supported by a team of “Competition Corps” within the Department of General Services, or its successor, to implement and oversee competition goals and efforts of agreed-upon alternative service delivery projects. The initial team should consist of five staff redirected within the Department of General Services or its successor.

PUBLIC COMMENT

1 comment was received in opposition to this recommendation. No supporting or neutral comments were received.

Pros

- No testimony submitted.

Cons

- Outsourcing demonstrations at the federal level and in other states have demonstrated mixed results in regards to cost savings and service level improvements.

Considerations

- No testimony submitted.

SO 75

CALIFORNIA CAN SAVE MILLIONS OF DOLLARS BY MODERNIZING ITS PROCUREMENT SYSTEM

ISSUE

California must modernize and reform its purchasing system.

SOLUTIONS

- *Develop and implement e-procurement solutions on a statewide basis. This approach will collect all state procurement information and will facilitate a greater ability for the state to strategically source its procurement.*
- *Develop an overarching strategic plan—with benchmarks—for the entire state providing guidance and direction outlining specific priorities on interfaces between procurement, asset management and financial applications. This strategy would include clear direction to enforce consolidation of purchases and require all agencies to participate in e-procurement. All state agencies, with certain exceptions to be defined by the CIO, shall use the e-procurement system.*

- *Identify all development projects enhancing or expanding the many computer applications being used for procurement in the agencies pending the completion of a statewide strategic plan. It should immediately freeze those procurement applications that do not conform to the new plan—or are duplicating efforts. Fixes to keep the business applications running should be exempted.*

PUBLIC COMMENT

1 comment was received in support of this recommendation. No opposing or neutral comments were received.

Pros

- EDI (Electronic Data Interface) is a fast way for orders and payments to go back and forth, not just for big companies. There are vendors who can set up EDI for even small vendors.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 77

USING THE REVERSE AUCTION PROCUREMENT METHOD TO SAVE MILLIONS

ISSUE

The state will save money when vendors compete among themselves to provide goods or services.

SOLUTIONS

- *Complete the Request for Proposal process as soon as possible. The sooner the selected vendor can implement the reverse auction process and train state procurement staff to conduct reverse auctions, the sooner the state will start saving money.*

PUBLIC COMMENT

2 comments were received for this recommendation. 1 comment expressed support. No comments expressed opposition. 1 comment was neutral.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- No testimony submitted.

Considerations

- The reverse auction method of obtaining bidders may drive down the wages of employees in the private sector.

SO 79

**MAKE USE OF ALL PURCHASING METHODS AVAILABLE TO
ENSURE LOWEST COSTS**

ISSUE

California state government does not take advantage of all leveraged purchasing options available. This could lead to higher prices paid by the state for goods and services.

SOLUTIONS

- *Participate in U.S. Communities.*

PUBLIC COMMENT

1 comment was received in support of this recommendation.

Pros

- The addition of U.S. Communities would be another resource to use to meet best pricing.

Cons

- No testimony submitted.

Considerations

- No testimony submitted.

SO 80

USING INNOVATIVE TECHNIQUES TO ENHANCE SALE OF STATE SURPLUS PROPERTY

ISSUE

The state sells thousands of surplus property items annually, some at live auctions, a few on the Internet. The various state agencies are not leveraging available technologies or partnering with private sector entities well-versed in property sales to maximize this revenue source.

SOLUTIONS

- *Establish an online surplus property program. It should also evaluate whether a public/private partnership to facilitate enhanced revenues is appropriate.*
-

PUBLIC COMMENT

All 3 comments received support this recommendation. No opposing or neutral comments were received.

Pros

- Specific discussion in support of this recommendation was not received.

Cons

- No testimony submitted.

Considerations

- This recommendation should be expanded to include stewardship of land for Parks and Recreation and other departments.
- The state should consider selling San Quentin.